telezon

telezon ltd

ACN 009 151 277

2009

Consolidated Financial Report

For the year ended

30 June 2009

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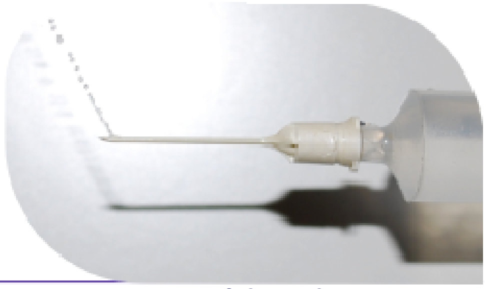

CORPORATE PARTICULARS

Directors
Mr. Frank Carr	Executive Chairman
Dr. Michelle Carr	Director
Mr. Trevor Nye	Director

Company Secretary
Mr. Bevan Jaggard

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Review of Operations

Executive Summary

Telezon Ltd and SSB Technology Pty Ltd have achieved significant milestones since its last report to shareholders, specifically:

- Finalised the design of the hypodermic needle
- Finalised the design of the generic draw-up needle
- Produced mock ups of the advanced flow draw-up and injection system for marketing purposes
- Automated the Company's Technology
- Developed and patented a new moulding technology
- Developed and in the process of patenting the advanced flow draw-up and injection system
- Undertaken initial alpha-testing for its hypodermic and draw-up needles
- Researched and selected appropriate materials for use with its technology
- Effected laser cutting trials
- Initiated the search for joint venture/commercial development partners

The Company is also excited about the potential market opportunities indicated by recent data. Research of sales of injection devices on the world market has conservatively estimated **USD$4 billion**, with an approximate **16 billion injections** per annum for developing countries alone. Furthermore, international academics Drs Colton and Chen have proposed, in the context of the Company's technology, that a plastic hypodermic needle will replace the conventional steel needle. Primary research has indicated several key benefits of the plastic hypodermic needle including cost, ease and safety of disposal and less traumatic for the patient, among others.

This report contains details of these important developments and of future commercial prospects.

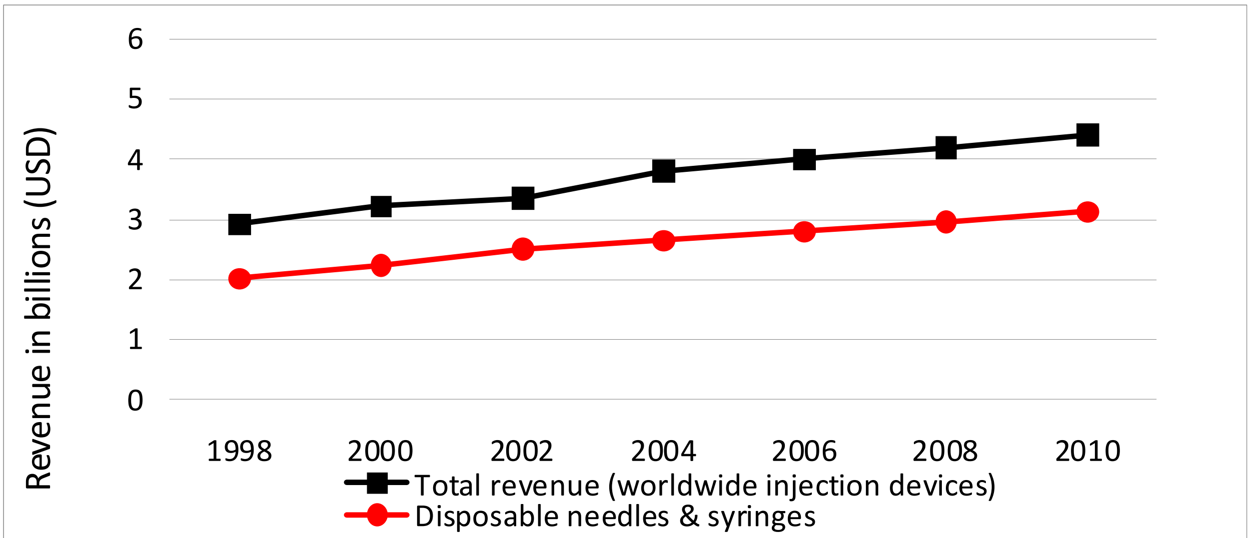
World market for needles and syringes

- Current estimated worldwide sales of injection devices is approximately US$4 billion per annum[i] (see graph below). The World Health Organisation ("WHO") estimates that 16 billion injections per annum are administered in developing countries alone. Furthermore, approximately 80% of all disposable hypodermic needles fall into the 25 to 40 mm x 18g, 21g and 23g size, a worldwide market estimated to be currently valued at approximately US$2.6 billion per annum. Over two thirds of needles are disposable or single use needles.
- Research conducted for the Company has established that there is no significant seasonal fluctuation in the use of disposable syringes and hypodermic needles in the world market.
- Factors which could influence the potential usage of disposable syringes/hypodermic needles include major outbreaks of disease and/or virus (e.g. Influenza) and regional vaccination programs carried out by Governments or bodies such as the World Health Organisation.

The vast majority of *hypodermic* needles manufactured today are constructed of stainless steel and the Company believes that a plastic needle fabricated using its patented technology will produce a needle that has significant advantages over current steel needles.

Stainless steel needles are, with few exceptions, the principal hypodermic device used throughout the world. Conventional stainless steel disposable hypodermic needles are traditionally formed from more than one component and thus have a very involved manufacturing process. Typically, these needles comprise a steel cannula rigidly secured to a plastic mounting hub. An adhesive is used as a third component to secure the cannula to the hub.

[i] *Needles and Syringes (and Catheters): The World Markets.* Medical & Healthcare Marketplace Guide, page I-830 1999



The needle then has to be ground, up to five times, to achieve its point. There is clearly a considerable manufacturing expense in producing separate components, securing them and finally sharpening each needle.

This type of hypodermic needle represents the most obvious and readily exploitable product that may be produced using the SSB Technology. There is also potential for development into the catheter, veterinarian and specialised needle markets as well as non-medical markets. The Company's technology avoids the complication and expense of assembling, securing and sharpening separate components by moulding a one-piece needle that does not need sharpening after it is ejected from the mould.

The Company believes polymer hypodermic needles produced using its technology, due to the significant simplification in the manufacturing process, should be considerably cheaper to produce than conventional steel needles.

The initial patent and resulting Patent Co-operation Treaty (PCT) application means that the Company has extensive world patent coverage over the use of gas assist technology in the manufacture of any cannula-type product. Because of this, the Company believes that it has limited or no competition in the manufacturing of plastic needles over a length of about 15mm, which by definition constitutes the majority of all disposable needles commonly used.

An alternative method of manufacturing plastic needles uses a wire core around which a polymer is moulded and is only capable of producing a needle similar in length to an insulin needle (approximately 15 mm maximum length). Although this alternative exists, it uses a manufacturing process which is expensive, ineffectual, and labour intensive.

Why a plastic needle?

Plastic needles can be easily destroyed after use, preventing dangerous reuse and unsafe disposal. The World Health Organisation estimates that the 16 billion injections administered in developing countries each year result in 21 million cases of Hepatitis B, 2 million cases of Hepatitis C, and 260,000 cases of HIV. The problem, which accounts for more than one third of all Hepatitis B and C infections and 5% of HIV cases in these countries, stems from three factors:

1) frequent re-use of contaminated needles
2) improper disposal, creating piles of needles that can cause needle-stick injuries, and
3) unnecessary injections (given when oral medication would suffice).

The Company believes that the prototype plastic needle produced using this technology, and the draw-up needles are a viable alternative to the steel needle because they are:

- more affordable,
- more environmentally friendly,
- easier and cheaper to make, to transport and to dispose of, (the Company has estimated that the steel needle is eight times heavier than its prototype plastic needle)
- can be wholly colour coded,
- non-corrosive, and
- ultimately by design: less traumatic and painful to the patient, less damaging to the tissue, and far better at dispersing liquids into body tissue.

Market research undertaken by Johnson & Johnson in the United States, Europe and a number of Asian countries indicated that there was no major concern regarding the use of a plastic or polymer needle and that if such a device were to provide cost benefits, then such needles would be used in place of the steel needle.

Centre for Disease Control (CDC)

The CDC, an arm of the US Dept. of Health, employs thousands of scientists around the world developing new bioscience technologies and programs. The CDC Technology Forum is a unique conference attended by numerous global health organisations, bioscience companies and research institutions and at which scientific papers are presented on world health problems and solutions and licensing and partnering opportunities are discussed.

In March 2008, the **CDC Technology Forum** at the CDC Global Communications Centre, Atlanta, Georgia was presented with the plastic hypodermic needle concept as a solution to the problem of tens of millions of infections annually. As previously stated, these infections are a result of unsafe injections and abuse of used steel hypodermic needles in the context of more than 16 billion injections administered annually in developing countries.

A child in Africa playing with a used steel needle

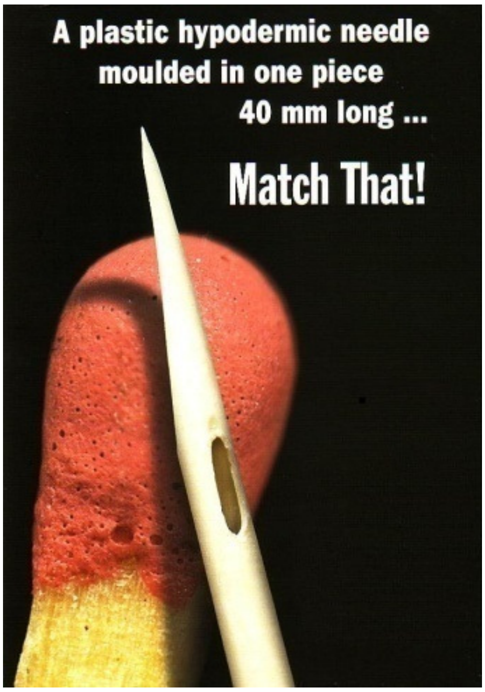
The presentation was made by Dr. Jonathon Colton, Professor of Mechanical Engineering at Georgia Institute of Technology, and Dr. Robert Chen, Injection Safety Coordinator for the Global AIDS Program at the CDC (U.S. Centres for Disease Control and Prevention).

Drs. Colton and Chen postulated in the context of the Company's technology that a plastic hypodermic needle would:

- replace steel needles for injections
- be easily disabled by breaking, melting, or dissolving
- simplify the disposal of medical waste and recycling
- have transparency for purposes of light, X-rays, and ultrasonics
- have mechanical flexibility
- have bio-chemical functionality for drug delivery and anti-thrombogenetic purposes
- have the potential to replace steel and glass needles through ease and economy of manufacture
- have uses for purposes of biopsies, DNA work, drug delivery, implant delivery, blood withdrawal capillaries and lancets.

The Company

SSB Technology Pty Ltd (“SSB” or “the Company”) *ABN 23 116 630 516* is a wholly-owned subsidiary of Telezon Limited. SSB was set up to develop the intellectual property (the SSB Technology) “Method of Manufacturing Needles”. The early-stage technology was purchased by Telezon Limited in 2005.



A sample of the first plastic hypodermic needle produced using the SSB Technology in 2005

SSB is located within the miniFAB complex situated at Scoresby in Victoria. Within the complex, SSB has an office, workshop and access to a full range of business support structures and amenities.

The miniFAB complex

Our products and technology

Since purchasing the technology in 2005, SSB has focused its activities on the development of the three ‘core’ products:

1. The plastic hypodermic needle
2. A ‘generic’ draw-up needle, and
3. An advanced flow draw-up and injection system.

Apart from these three core products, the use of the technology also provides SSB the opportunity to market a range of products using our patented technology with more conventional products:

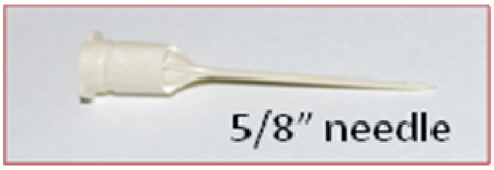
- Reconstitution Kits,
- Drug Delivery Systems, etc.

The three core products

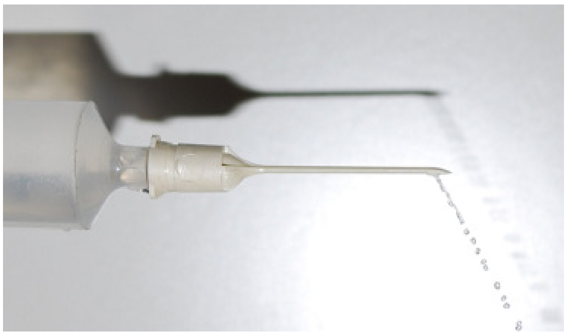
1. <u>The plastic hypodermic needle</u>

After a detailed analysis of the world’s needle use, the Company finalised its design for the world market and has concentrated on two sizes:

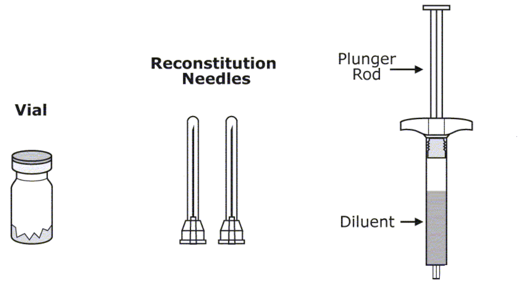
- 5/8” 22 gauge
- 1” 22 gauge



The 5/8” needle blank



The 5/8" needle in use showing the flow rate



The reconstitution process using two needles, a steel reconstitution needle and a hypodermic needle

Why the 5/8" and 1" 22 gauge needle?

For intramuscular injections (IM), the most common gauges are 1 – 1.5" 22 - 25 gauge needles for newborn infants and 1" for older infants and adults according to the Immunization Action Coalition (www.immunize.org). For subcutaneous injections, the most common size is 5/8" and 1" 23-25 gauge.

For the non-human market, the most common sizes are either the 5/8" or 1" 22 gauge needle.[ii]

The SSB hypodermic needle during penetration trials on a deceased rat

2. The generic reconstitution or draw-up needle

The reconstitution/draw-up needle is a world product used within the medical field for the mixing or diluting of drugs. SSB uses the term 'draw-up' needle for its reconstitution needle for marketing purposes.

Typically, a reconstitution needle is attached to a syringe, and is used to penetrate the seal of the substance vial; the substance is drawn up into the syringe for mixing or injecting into a second vial, etc. The reconstitution needle is removed and a traditional hypodermic needle is then used for injecting into the patient.

Until recently, it has been difficult to ascertain the annual usage of reconstitution/draw-up needles. However, as the reconstitution process involves the drawing up of a substance from a vial, SSB has obtained recent figures for the manufacture of these vials in the USA, and in turn, has extrapolated the potential market demand.

> '*Demand for glass vials will increase 1.5% annually to 945 million units in 2008 in the USA. Reflecting strong barrier and chemical resistance properties, as well as overall cost effectiveness, glass vials will remain the leading container used for packaging small volume drugs administered by injection*.'[iii]

The US market accounts for 41% of the world market for medical devices, so it is estimated that the world use of vials is in excess of two billion units. As a result, this figure allows us to now conservatively estimate the size of the demand for draw-up needles in the US – that is, approximately two billion units per annum.

Since our last report to shareholders, the Company has been undertaking ongoing research on the most suitable materials for the development of the draw-up needle for the market. For example, materials with a flexural modulus lower than nine gigapascals are not suitable for a reconstitution needle since the cannula would buckle prior penetrating the vial stopper. A number of cheaper medical grade materials were tested, but these materials were not suitable for our purposes. As a result of these studies, the Company has further confirmed that the preferred material continues to be a specific engineering polymer.

[ii] CDC, *Vaccine handling , storage and administration guidance for panel physicians,* 2007

[iii] *Parenteral Vials & Ampuls - Glass Vials* URL: http://freedonia.ecnext.com/coms2/summary_0285-2908_ITM

The SSB draw-up needle

Principally, this engineering polymer is:

- more affordable,
- more environmentally friendly,
- can be wholly colour coded,
- non-corrosive.

A SSB polymeric draw-up needle with straight port next to a traditional steel reconstitution needle

Many of the cheaper materials most suited to the draw-up needle were reinforced materials; these are not suitable to use in conjunction with gas assisted injection moulding (GAIM) and the Company's SSB Technology. As a result of these findings, the Company has pursued alternative manufacturing methods to complement these reinforced materials. Positively, we are pleased to advise that we have been successful in developing a new moulding technology for polymeric draw-up needles. A provisional patent for this new technology has been lodged.

This new moulding technology is designed to use a range of materials that are designed for use on humans and meet all relevant legislative requirements, e.g. FDA, TGA, etc. The Company believes that the plastic draw-up needles fabricated using its patented technology will produce a draw-up needle that has significant advantages over current steel reconstitution needles.

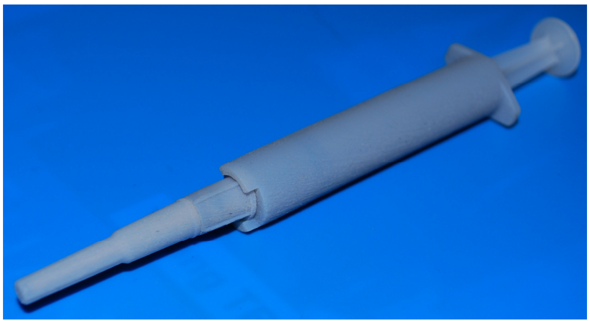
Some of these advantages have been detailed below:

- Ease and affordability of manufacture and transport,
- Ease and affordability of disposal by shredding, melting or dissolving,
- Simplification of recycling,
- Ability for transparency for purposes of light, x-rays and ultrasonics,
- Empirical evidence indicates it should dramatically reduce the risk of needle-stick injuries,
- Non-corrosive,
- Silicone-free, meaning no vaccine/medicine contamination and can be used on all patients (some of whom are allergic to silicone).

Needles made of an engineering polymer using the Company's new moulding technology

3. The advanced-flow draw-up and injection system prototype for marketing purposes

SSB has further developed the draw-up needle concept with an advanced flow and injection system designed to suit the world market. SSB's exciting new product concept provides the world market with an improved, financially viable technology, beyond its existing manufacturing technology. Further details are withheld at this stage due to the current period of patent registration.



A mock-up of the new advanced-flow draw-up and injection system

Testing

Comparison of penetration forces

Third party reconstitution needle	43.5N	Lubricated
Penetration force of 18 gauge steel needle	11.5N	Lubricated
SSB Draw-Up needle	34.7N	Not lubricated, no side bevels
SSB Draw-Up needle including side bevels	17.0N	Lubricated

Alpha-testing

Initial testing of the Company's generic draw-up needles has been conducted with experts in the human and veterinarian fields. Feedback was extremely positive on their use and benefits. Further testing and analysis will continue over the next few months.

Penetration of vial stopper

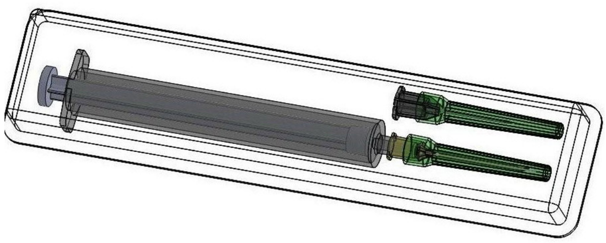
By adding side bevels, the penetration force of a 17 gauge SSB draw-up needle was reduced to around 17N which is an improvement of around 50%.

Summary of progress of our core products

Product	2007	2008	2009
Hypodermic needle	• Penetration force test (GIT) • Needle build 2 • High penetration force (µ 4.5N)	• Manufacture of cavity insert • Needle build 3	• Initial needle trial (build 3) • Penetration force test (DowCorning) (3) – penetration force halved (µ 2.9N) • Needle trial (build 4) • Penetration force test (DowCorning) (4) – penetration force halved again (µ 1.66N)*5/8" tested on deceased rat
Draw-up needle		• Finalise draw-up tool design • Initial tool trial • Moulded needles pass 'free hand' test on vial	• Focus groups to test needle with VIDRL & Vet Science Faculty, Victoria • Finalised tool design for new pre-production design • Commenced pre-production tool manufacture
Advanced-flow draw-up and injection system			• Finalised design proposal, patent lodged

Other business opportunities using our patented technologies

In addition to the exciting developments with our products and technologies, SSB is also considering combining the draw-up needle with conventional technology (syringe and needle) to form, and ultimately market, a 'reconstitution kit' (sample picture right).



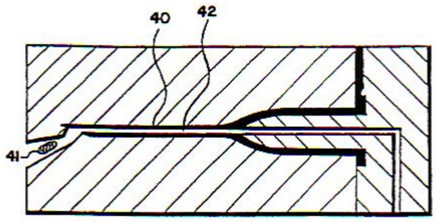
Drug Delivery System

The advanced flow draw-up injection system also aligns itself to provide an ideal drug delivery system to meet future market needs.

Our technology

<u>The original method of manufacturing needles</u>

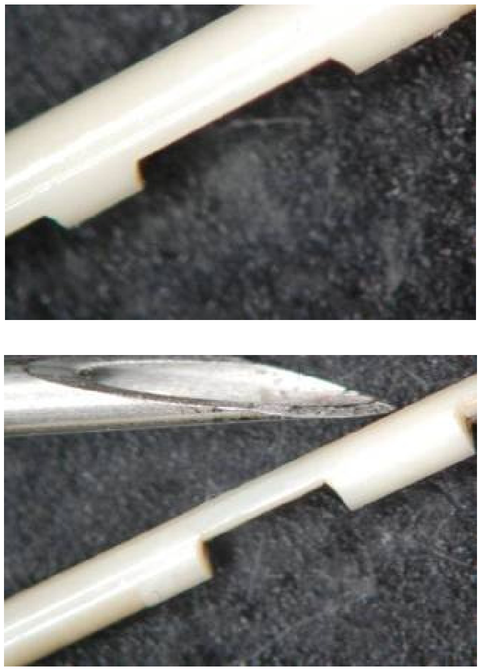
The centre of the SSB technology is the basis of the original PCT patent – 'Method of Manufacturing Needles'. This patent covers the method of manufacturing for an integral one-piece needle. This method involves feeding a polymeric resin into a mould cavity and injecting a fluid under pressure into at least a portion of the cavity to eject therefrom the central region of the polymeric resin. This process creates an annulus of polymeric resin having an orifice therethrough, the annulus of polymeric resin forming the cannula of the needle, the mounting hub being provided by the remaining portion of the cavity.



Machine for manufacturing needles

The Technology has been refined and further developed following the resolution of some modifications with mechanical in-mould cutting of the overflow - principally, in as much as a clean cut is required for the needle.

The Company engaged a company in the U.S.A. with advanced laser-cutting expertise to conduct laser cutting tests. Such initial testing produced very promising results and the Company is currently undertaking further testing of samples in the US.



Samples of laser cutting

SSB chief engineer with needle-manufacturing machine

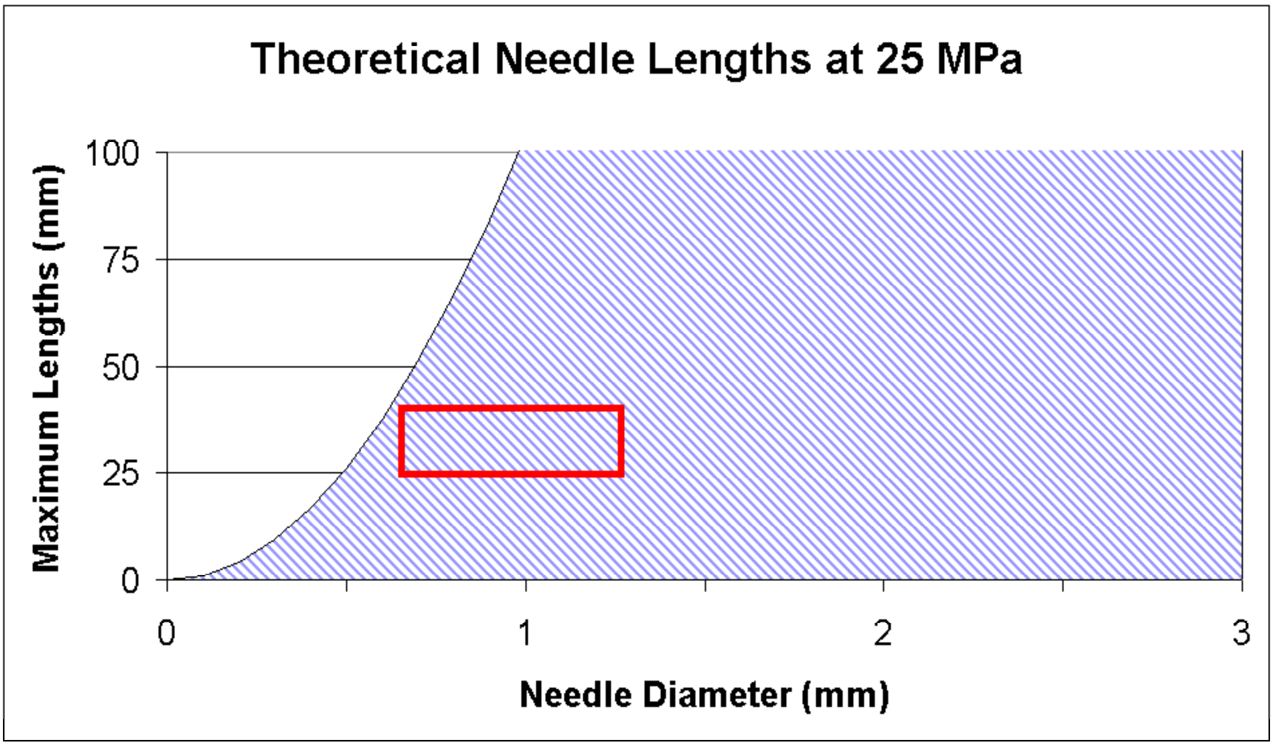
Manufacturing process repeatability

Latest trials with the prototype tool have been very successful with exceptionally high yield rates.

Improvements have been achieved by:

- Keeping cycle time consistent
- Optimizing the overflow, and
- Fine tuning the shut-off nozzle and pin

Computer-derived simulation indicates that the technology is capable of producing needles of a length and diameter that covers the majority of high volume medical applications. The simulation has been confirmed by the successful moulding of 21 gauge needles of 40 mm in length using an optimum injection pressure with the die and the engineering polymer.



The chart (above) represents the relationship between needle length and needle diameter. The area to the right of the curve represents needle length and diameters theoretically attainable using the Company's technology with a gas injection pressure of 25 MPa. The insert rectangle represents hypodermic needles with lengths between 25 and 40 mm and gauges ranging from 18 to 23, the sizes most commonly used. As can be seen, the technology is applicable to the vast majority of disposable hypodermic needles. It should also be noted that by increasing the gas injection pressure the maximum attainable length is increased.

Prototype needles are fabricated using an engineering polymer which possesses the range of requisite characteristics, namely, low viscosity in the molten state (allowing thinness of wall and sharp points) and high stiffness when solid but with a fibrous molecular structure such that when bent beyond its elastic limit it will not break away.

The engineering polymer employed in the manufacture of the needles has been approved by the FDA and TGA for invasive medical use.

Outlook for the years ahead

Products	Research & Development	Prototype/ ISO/ PQS Application	Market testing/ Presentation	Go-to-Market
Dynamic sleeve manufacturing concept	• June 2010 – pre-production tool complete	• September 2009 – mould trial • October 2009 – initial prototypes	• November 2009 – April 2010	• June 2010 – serial pre-production tool (4 or 8 cavity) complete
Draw-up needle	• June 2010 – serial pre-production tool complete	• September 2009 – mould trial • October 2009 - initial prototypes	• November 2009 – April 2010 – needle testing, expert focus groups • April 2010 – field testing	• June 2010 – serial pre-production tool (4 or 8 cavity) complete • June 2010 – tool manufacture to be validated for PQS standards
Advanced-flow draw-up & injection system	• August 2009 – April 2010 (product design, manufacture of prototype tools)		• May 2010 – December 2010 – product testing, focus groups, field test	• Mid 2011 (estimation only, depending on target market segment and related regulations)
Hypodermic needle	• September – November 2009 – phase 1 - needle tip trial with existing tool • December 2009 – phase 2 – needle shaft moulding with dynamic sleeve tool • December 2009 – January 2010 – phase 3 - needle testing		• February 2010 - August 2010	• Mid 2011 (estimation only, depending on target market segment and related regulations)

Directors' Report

The directors present their financial report on the company and its controlled entity for the financial year ended 30 June 2009.

Directors

The names of directors in office at any time during or since the end of the financial year are listed hereunder. Directors were in office for the entire period under review.

- Frank Carr
- Michelle Carr
- Brian Martin
  Resigned 23 June 2009
- Trevor Nye
  Appointed 23 June 2009

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Information on Directors

FRANK CARR M.B.A., M.Phil., FAIM, FIoD.
Executive Chairman

Mr Carr has been engaged in company management and direction for over thirty years. He has extensive experience in corporate advisory and business recovery activities, and has held many public company directorships. He has successfully directed many initial public offerings and stock exchange listings in Australia, New Zealand and the USA and he and his companies have received numerous technical, export achievement, management, and marketing awards. He is a recipient of the Australian Entrepreneur of the Year Award, holds master's degrees in both business administration and economics and is a Fellow of the Australian Institute of Management and of the Institute of Directors (U.K.). He is currently chairman of several public companies.

MICHELLE CARR B.A. (Jt.Hons), M.I.B., Ph.D.
Director

A former university lecturer in international marketing, Dr Carr has for several years worked as a senior executive and account director in marketing and market research organisations in which roles she has advised major companies both in the public and private sectors on matters of project management, research analysis, organisational development and international marketing. Dr Carr holds a B.A. (Jt.Hons.) (NUI), a master's degree in International Business (Murd.), and a doctorate in International Marketing from the University of Western Australia.

TREVOR NYE B.Sc. (Hons), GradDip, M.Ed. (Admin)
Director

Mr Nye has directed the development of the Company's plastic hypodermic needle technology since the Company acquired the technology in 2005. Having previously worked in the field of merchant banking Mr. Nye has many years experience in the marketing and commercialisation of intellectual property and associated activities. He holds a bachelor's degree from Deakin University, and a graduate diploma and a master's degree in educational administration.

BEVAN JAGGARD
Company Secretary

Mr Jaggard has over 30 years experience in the fields of project management and business development both for local government and in his own right. He is an experienced company director and secretary and has served local communities in many capacities in business and charitable associations.

Nature of Operations and Principal Activities

During the financial year the Company's principal activities were development, manufacture and marketing of polymeric cannular products (including plastic hypodermic needles).

Significant Changes in the State of Affairs

No significant changes in the state of affairs of the Company occurred during the financial year other than as stated herein.

Significant Events after Balance Date

No matters or circumstances besides those disclosed in Note 19 have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Review of Operations

Operating Results for the Year

The operating loss after income tax of the Company for the year ended 30 June 2009 was $371,143 (2008: $268,963).

Risk Management

The Board is responsible for ensuring that risks and opportunities are identified in a timely manner and that activities are aligned with the risks and opportunities identified by the Board.

The Company believes that it is crucial for all Board members to be a part of this process and, as such, the Board has not established a separate risk management committee.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include Board approval of a strategic plan which encompasses strategy statements designed to meet stakeholders needs and manage business risk, and implementation of Board approved operating plans and budgets and the monitoring thereof.

Likely Developments and Expected Results

The Company expects to maintain the present status and level of operation and hence there are no likely unwarranted developments in the entity's operations.

Environmental Issues

The Company is subject to licences and regulations under environmental laws that apply in the jurisdiction of its operations. These licences specify limits and regulate the management of its proposed manufacture of hypodermic needles.

The Company aims to ensure the appropriate standard of environmental care is achieved and, in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Company are not aware of any breach of environmental legislation for the year under review.

Indemnification of Officers and Insurance Premiums

There were no insurance policies in place during the year, to indemnify officers of the company.

Dividends Paid or Recommended

The directors do not recommend the payment of a dividend and no dividends have been paid or declared since the end of the last financial year.

Share Options

At the date of this report the outstanding options over unissued ordinary shares are:

	No. of Options
Balance at the beginning of the year	-
Options issued during the year	1,000,000
Options lapsed during the year	-
Total number of options outstanding as at 30 June 2009	1,000,000

Remuneration Report

This report outlines the remuneration arrangements in place for directors and executives of the Company.

Remuneration Policy

The remuneration policy of Telezon Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the economic entity's ability to attract and retain the best executives and directors to run and manage the economic entity.

The Board's policy for determining the nature and amount of remuneration for board members and senior executives of the economic entity is as follows:

The remuneration policy setting out the terms and conditions for the executive directors and other senior executives was developed by the Board. All executives receive a base salary (which is based on factors such as the length of service and experience) and superannuation. The Board reviews executive packages annually by reference to the economic entity's performance, executive performance, and comparable information from industry sectors and other listed companies in similar industries.

The Board may exercise discretion in relation to approving incentives, bonuses, and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

The executive directors and executives receive a superannuation guarantee contribution required by the government which is currently 9% and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders in general meeting (currently $240,000). Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholders interests, the directors are encouraged to hold shares in the Company and are able to participate in employee option plans.

Performance-based Remuneration

The Company currently has no performance-based remuneration component built into director and executive remuneration packages.

Company Performance, Shareholder Wealth & Directors' and Executives' Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives.

a) Key management personnel compensation

2009	Short-term benefits			Post-employment benefits		Share-based payment		
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Retire-ment benefits $	Options $	Others $	Total $
Directors								
Frank Carr	80,000	-	-	-	-	-	80,000+	160,000
Brian Martin	40,000	-	-	-	-	-	-	40,000
Michelle Carr	40,000	-	-	-	-	8,189	-	48,189
Trevor Nye	-	-	-	-	-	6,142^	-	6142
Total	**160,000**	**-**	**-**	**-**	**-**	**14,331**	**80,000**	**254,331**

2008	Short-term benefits			Post-employment benefits		Share-based payment		
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Retire-ment benefits $	Options $	Others $	Total $
Directors								
Frank Carr	80,000	-	-	-	-	-	80,000+	160,000
Brian Martin	40,000	-	-	-	-	-	-	40,000
Michelle Carr	20,000	-	-	-	-	-	-	20,000
Victor Webb	20,000*	-	-	-	-	-	-	20,000
Total	**160,000**	**-**	**-**	**-**	**-**	**-**	**80,000**	**240,000**

+Fees paid in the normal course of business for management and administration services totalling $80,000 (2008: $80,000) paid to Noble Pacific Pty. Ltd., a company of which Mr Frank Carr is a director.
* Victor Webb is resident in USA and was paid directors' fees amounting to A$40,000 per annum instead of salary.
^ Mr Trevor Nye was issued 300,000 options on 2 December 2008. This date was prior to his appointment as director of the Company which happened on 23 June 2009. As he still holds these options, their fair value have been included as part of the key management personnel remuneration disclosures above.

b) Other transactions and balances with directors and other key management personnel

Service Agreement
The Company has entered into a service agreement with Noble Pacific Pty. Ltd., a company of which Mr Frank Carr is a director, which commenced 1 January 2006 at the rate of $20,000 per quarter for management and administration of the Company. The agreement is renewable by negotiation and mutual consent.

During the financial year, pursuant to the agreement, consultancy fees amounting to $80,000 (2008: $80,000) were paid to Noble Pacific Pty. Ltd. for management and administration services.

c) Employee Related Share-based compensation

To ensure that the Company has appropriate mechanisms to continue to attract and retain the services of Directors and Employees of a high calibre, the Company has a policy of issuing options that are exercisable in future at a certain fixed price.

A total of 700,000 options were granted to directors and employees during the year at an exercise price of $0.20. These options were granted for nil consideration. The options were granted on 2 December 2008 and vest immediately. The options can be exercised at any time after being vested and before their expiry date of 31 December 2013 at an exercise price of $0.20. The fair value of the options using a Black and Scholes pricing model is recognised as an expense over the period from grant date to vesting date. The amount recognised as part of employee expenses during the year ended 30 June 2009 was $14,331.

The terms and conditions of each share affecting reported remuneration in the previous, this or future reporting periods are:

Grant date	Expiry date	Exercise price	Value per option at grant date	First exercise date/vest date	Last exercise date
2/12/2008	31/12/2013	$0.20	$0.020474	2/12/2008	31/12/2013

Fair values at issue date are determined using a Black and Scholes option pricing model that takes into account the exercise price, the share price at issue date and the expected price volatility of the underlying share, and the risk free rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2009 included:

(a) options are granted for nil consideration and vest immediately
(b) exercise price of $0.20 on or before 31 December 2013
(c) expected price volatility of 40%
(d) risk-free interest rate of 4.50%
(e) spot price at date of valuation - $0.10
(f) issue date – 2 December 2008
(g) expiry date – 31 December 2013

	Options issued for the year ended 30-Jun-09	Options vested during the year ended 30-Jun-09
Directors		
Michelle Carr	400,000	400,000
Trevor Nye	300,000	300,000
TOTAL	**700,000**	**700,000**

	Remuneration consisting of options	Value per option at grant date $	Exercise price $	Options vested at 30-Jun-09	Share-based payment expense at 30-Jun-09 $
Directors					
Michelle Carr	-	0.020474	0.20	400,000	8,189
Trevor Nye	-	0.020474	0.20	300,000	6,142
TOTAL					**14,331**

Directors' relevant interests

The relevant interest of each director in the capital of the company at the date of this report is as follows:

	No. of Ordinary Shares	No. of Options over Ordinary Shares
Frank Carr	7,850,000	-
Michelle Carr	-	400,000
Trevor Nye	96,273	300,000

Meetings of Directors

During the financial year, 3 meetings of directors were held. There were no committees of directors during the year. Attendances by each director during the year were as follows:

	Number of meetings eligible to attend	Number attended
Frank Carr	3	3
Brian Martin	2	2
Trevor Nye	-	-
Michelle Carr	3	3

Auditor's Independence Declaration

We have obtained an Auditor's Independence Declaration. Please refer to "Auditor's Independence Declaration" included within the financial statements.

Non-Audit Services

Any non-audit services that may have been provided by the entity's auditor, RSM Bird Cameron Partners, is shown at Note 14. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Litigation and Other Actions

In 2005, the Company commenced proceedings in the Supreme Court of Western Australia seeking a declaration that the Company is not indebted to Friedman Capital Pty Ltd, which company has a registered Charge against the Company. The Charge was executed and registered when the Company was the subject of a Deed of Company Arrangement. The funds advanced by Friedman Capital Pty Ltd were advanced to the Administrator to enable the Administrator to satisfy the creditors of the Company. At this time the Company is not able to determine the outcome of the litigation.

Signed in accordance with a resolution of the directors.

FRANK CARR
Executive Chairman

Dated at Perth this 28th day of August 2009

Corporate Governance Statement

Corporate Governance Principles

To the extent that they are applicable, and given its circumstances, the Company adopts the Eight Essential Corporate Governance Principles and Best Practice Recommendations ('Recommendations') published by the Corporate Governance Council of the ASX.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be afforded further consideration.

The Board sets out below its 'If not, why not?' report in relation to matters of corporate governance in which the Company's practices depart from the Recommendations.

(a) Principle 1 Recommendation 1.1

Notification of Departure

Telezon Limited has not formally disclosed the functions reserved to the Board and those delegated to management. The appointment of non-executive directors to the Board is not formalised in writing by way of a letter or other agreement.

Explanation for Departure:

The Board recognises the importance of distinguishing between the respective roles and responsibilities of the Board and management. The Board has established an informal framework for the management of the Company and the roles and responsibilities of the Board and management. Due to the small size of the Board and the Company, the Board do not think that it is necessary to formally document the roles of Board and management as it believes that these roles are being carried out in practice and are clearly understood by all members of the Board and management. The Board is responsible for the strategic direction of the Company, establishing goals for management and monitoring the achievement of these goals, monitoring the overall corporate governance of the Company and ensuring that Shareholder value is increased

(b) Principle 2 Recommendations 2.1

Notification of departure

The Company does not have a majority of independent directors.

Explanation for departure

The Board considers that the current composition of the Board is adequate for the Company's current size and operations and includes an appropriate mix of skills and expertise relevant of the Company's business. The Board considers that its structure is, and will continue to be, appropriate in the context of the Company's recent history. The Company considers that the non-independent Directors possess the skills and experience suitable for building the Company. Furthermore, the Board considers that in the current phase of the Company's growth, the Company's shareholders are better served by the Directors who have a vested interest in the Company. The Board intends to reconsider its composition as the Company's operation evolve, and may appoint independent directors as it deems appropriate.

(c) Principle 2 Recommendation 2.4 and Principle 4 Recommendation 4.1

Notification of Departure

Separate audit and nomination committees have not been formed.

Explanation for Departure

The Board considers that the Company is not currently of a size, or its affairs of such complexity, that the formation of separate or special committees is justified at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and ensure that it adheres to appropriate ethical standards.

In particular, the Board as a whole considers those matters that would usually be the responsibility of an audit committee and a nomination committee. The Board considers that, at this stage, no efficiencies or other benefits would be gained by establishing a separate audit committee or a separate nomination committee.

(d) Principle 2 Recommendation 2.5

Notification of Departure

Telezon Limited does not have in place a formal process for evaluation of the Board, its committees, individual directors and key executives.

Exploration for Departure

Evaluation of the Board is carried out on a continuing and informal basis. The Company will put a formal process in place as an when the level of operations of the Company justifies this.

(e) Principle 3 Recommendation 3.1

Notification of Departure

Telezon Limited has not established a formal code of conduct.

Explanation for Departure

The Board considers that its business practices, as determined by the Board and key executives, are the equivalent of a code of conduct.

(f) Principle 5 Recommendation 5.1

Notification of Departure

Telezon Limited has not established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability for compliance.

Explanation for Departure

The Directors have a long history of involvement with public listed companies and are familiar with the disclosure requirements of the ASX listing rules.

The Company has in place informal procedures that it believes are sufficient for ensuring compliance with ASX Listing Rule disclosure requirements and accountability for compliance. The Board has nominated the Managing Director and the Company Secretary as being responsible for all matters relating to disclosure.

(g) Principle 6 Recommendation 6.1

Notification of Departure

Telezon Limited has not established a formal Shareholder communication strategy.

Explanation for Departure

While the Company has not established a formal Shareholder communication strategy, it actively communicates with its Shareholders in order to identify their expectations and actively promotes Shareholder involvement in the Company. It achieves this by posting on its websites copies of all information lodged with the ASX. Shareholders with internet access are encouraged to provide their email addresses in order to receive electronic copies of information distributed by the Company. Alternatively, hard copies of information distributed by the Company are available on request.

(h) Principle 7 Recommendation 7.1

Notification of Departure

Telezon Limited has an informal risk oversight and management policy and internal compliance and control system.

Explanation for Departure

The Board does not currently have formal procedures in place but is aware of the various risks that affect the Company and its particular business. As the Company develops, the Board will develop appropriate procedures to deal with risk oversight and management and internal compliance, taking into account the size of the Company and the stage of development of its projects.

(i) Principle 8 Recommendation 8.1

Notification of Departure

Telezon Limited does not have a formal remuneration policy and has not established a separate remuneration committee. Non-executive directors may receive options or shares.

Explanation for Departure

The current remuneration of the Directors is disclosed in the Directors' Report. Non-executive Directors receive a fixed fee for their services and may also receive options or shares. The issue of options or shares to non-executive Directors may be an appropriate method of providing sufficient incentive and reward while maintaining cash reserves.

Due to the Company's early stage of development and small size, it does not consider that a separate remuneration committee would add any efficiency to the process of determining the levels of remuneration for the Directors and key executives. The Board believes it is more appropriate to set aside time at specified Board meetings each year to specifically address matters that would ordinarily fall to a remuneration committee. In addition, all matters of remuneration will continue to be in accordance with regulatory requirements, especially in respect of related party transactions; that is, none of the Directors will participate in any deliberations regarding their own remuneration or related issues.

Income Statement
For the year ended 30 June 2009

	Note	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Revenue	2	43,593	110,930	43,593	110,930
Amortisation		(10,880)	(8,000)	(10,880)	(8,000)
Depreciation expenses		(9,931)	(9,931)	(9,931)	(9,931)
Management and directors' fees		(240,000)	(220,000)	(240,000)	(220,000)
Legal and professional expenses		-	(18,876)	-	(18,876)
Listing and share registry expenses		(22,976)	(5,390)	(22,976)	(5,390)
Share-based payment		(20,474)	-	(20,474)	-
Travel expenses		(779)	(4,500)	(779)	(4,500)
Salaries		-	(20,000)	-	(20,000)
Other expenses		(109,696)	(93,196)	(109,696)	(93,196)
Loss before income tax		(371,143)	(268,963)	(371,143)	(268,963)
Income tax expense	3	-	-		-
Net loss attributable to members of Telezon Limited		(371,143)	(268,963)	(371,143)	(268,963)
Basic and diluted loss (cents) per share	15	(1.28)	(0.94)	(1.28)	(0.94)

The accompanying notes form an integral part of these financial statements.

Balance Sheet
As at 30 June 2009

	Note	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
ASSETS					
Current Assets					
Cash and cash equivalents	17(b)	872,828	1,524,622	872,828	1,524,622
Trade and other receivables	5	8,289	18,048	1,751,545	1,426,266
Financial Assets	6	13,120	24,000	13,120	24,000
Total Current Assets		894,237	1,566,670	2,637,493	2,974,888
Non-Current Assets					
Intangibles	7	1,743,256	1,408,218	-	-
Plant and equipment	9	64,723	74,654	64,723	74,654
Total Non-Current Assets		1,807,979	1,482,872	64,723	74,654
TOTAL ASSETS		2,702,216	3,049,542	2,702,216	3,049,542
LIABILITIES					
Current Liabilities					
Trade and other payables	10	14,933	11,590	14,933	11,590
TOTAL LIABILITIES		14,933	11,590	14,933	11,590
NET ASSETS		2,687,283	3,037,952	2,687,283	3,037,952
EQUITY					
Issued capital	11	24,296,386	24,296,386	24,296,386	24,296,386
Reserves	12(a)	605,705	585,231	605,705	585,231
Accumulated losses	12(b)	(22,214,808)	(21,843,665)	(22,214,808)	(21,843,665)
TOTAL EQUITY		2,687,283	3,037,952	2,687,283	3,037,952

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity
For the year ended 30 June 2009

	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
Parent Entity				
Balance as at 1 July 2007	24,176,386	585,231	(21,574,702)	3,186,915
Options exercised for shares	120,000	-	-	120,000
Loss for the year	-	-	(268,963)	(268,963)
Balance as at 30 June 2008	24,296,386	585,231	(21,843,665)	3,037,952
Balance as at 1 July 2008	24,296,386	585,231	(21,843,665)	3,037,952
Share-based payment	-	20,474	-	20,474
Loss attributable to members of Telezon Limited	-	-	(371,143)	(371,143)
Balance as at 30 June 2009	24,296,386	605,705	(22,214,808)	2,687,283

	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
Consolidated Entity				
Balance as at 1 July 2007	24,176,386	585,231	(21,574,702)	3,186,915
Options exercised for shares	120,000	-	-	120,000
Loss for the year	-	-	(268,963)	(268,963)
Balance as at 30 June 2008	24,296,386	585,231	(21,843,665)	3,037,952
Balance as at 1 July 2008	24,296,386	585,231	(21,843,665)	3,037,952
Share-based payment	-	20,474	-	20,474
Loss attributable to members of Telezon Limited	-	-	(371,143)	(371,143)
Balance as at 30 June 2009	24,296,386	605,705	(22,214,808)	2,687,283

The accompanying notes form an integral part of these financial statements.

Cash Flow Statement
For the year ended 30 June 2009

	Note	Consolidated		Parent Entity	
		2009	2008	2009	2008
				$	$
Cash flows from Operating Activities					
Payments to suppliers and employees		(360,349)	(386,568)	(360,349)	(386,568)
Interest received		42,343	110,930	42,343	110,930
Dividends received		1,250	-	1,250	
Net cash used in operating activities	17(a)	(316,756)	(275,638)	(316,756)	(275,638)
Cash flows from Investing Activities					
Payments for plant and equipment		-	(425)	-	(425)
Purchase of available-for-sale financial asset		-	(32,000)	-	(32,000)
Payments for research and development expenditures		(335,038)	(267,837)	(335,038)	(267,837)
Net cash used in investing activities		(335,038)	(300,262)	(335,038)	(300,262)
Cash flows from Financing Activities					
Proceeds from issue of shares		-	104,896	-	104,896
Net cash provided by financing activities		-	104,896	-	104,896
Net increase/(decrease) in cash held		(651,794)	(471,004)	(651,794)	(471,004)
Cash and cash equivalents at beginning of financial period		1,524,622	1,995,626	1,524,622	1,995,626
Cash and cash equivalents at end of financial year	17(b)	872,828	1,524,622	872,828	1,524,622

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements
For the year ended 30 June 2009

Note 1 Statement of Significant Accounting Policies

Basis of Preparation
The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting polices that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

a) Principles of Consolidation
A controlled entity is any entity Telezon Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered

A list of controlled entities is contained in Note 8 to the financial statements. All controlled entities have a June financial year end.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated in the consolidated group as well as their results for the year then ended. All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those polices applied by the parent entity.

Where controlled entities have entered or left the consolidated group during the year, their operating results have been included/excluded from the date control was obtained or until the date the control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method. The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

b) Income Tax
The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of profit or loss when the tax related to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantially enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a largely enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities related to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c) Revenue Recognition

Revenue from the sale of goods is recognised when the company has transferred to the buyer the significant risks and rewards of ownership of the goods. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

All revenue is stated net of the amount of goods and services tax (GST).

d) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the useful lives to the consolidated group commencing from the time the asset is held ready fro use.

Plant and equipment is depreciated over a useful life of 10 years.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

e) Intangible Assets

Patents, trademarks and licences

Patents, trademarks and licences are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

Research and development costs
Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where non internally-generated intangible assets can be recognised, development expenditure is recognised as an expense in the period incurred. An intangible asset arising from development is recognised if, and only if, all of the following are demonstrated:

i. The technical feasibility of completing the intangible asset so that it will be available for use or sale;
ii. The intention to complete the intangible asset or use or sell it;
iii. The ability to use or sell the intangible asset;
iv. How the intangible asset will generate probable future economic benefits;
v. The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
vi. The ability to measure reliably the expenditure attributable to the intangible asset during its development.

f) Leases
Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the economic entity, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred

g) Impairment assets
At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

h) Cash and cash equivalents
Cash and cash equivalents include cash on hand and deposits held at call with banks.

i) Employee Benefits
Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

j) Goods and Services Tax
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

k) Financial Instruments

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and their fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

i. *Financial assets at fair value through profit or loss*

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designed as such to avoid an accounting mismatch or to enable performance evaluation where a group or financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii. *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

iii. *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the group’s intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

iv. *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v. *Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm’s length transactions, reference to similar instruments and option pricing models.

Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of amount of the asset, being the higher of the asset’s fair value less costs to sell and value in use, is compared to the asset’s carrying value. Any excess of the asset’s carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.
Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

l) Critical accounting estimates and other accounting judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

There have been no judgements, apart from those involving estimation, in applying accounting policies that have a significant effect on the amounts recognised in this financial report.

Following is a summary of the key assumptions concerning the future and other key sources of estimation at reporting date that have not been disclosed elsewhere in this financial report.

Impairment
The consolidated entity assesses impairment at each reporting date by evaluating conditions specific to the consolidated entity that may lead to an impairment. Where an indicator of impairment exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates as discussed in Note 1(g).

m) Comparative Figures
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Note 2 Revenues				
Revenues from operating activities				
Dividends received	1,250	-	1,250	-
Interest received	42,343	110,930	42,343	110,930
Total revenue	43,593	110,930	43,593	110,930

Note 3 Income Tax

a) Income tax recognised in profit
No income tax is payable by the parent or consolidated entity as they both recorded losses for income tax purposes for the year.

b) Numerical reconciliation between income tax expense and the loss before income tax

Loss before income tax	(371,143)	(268,963)	(371,143)	(268,963)
Income tax benefit at 30% (2008: 30%)	(111,343)	(80,689)	(111,343)	(80,689)
Tax effect of:				
Non deductible expenses	(16,404)	(26,456)	(16,404)	(26,456)
Deferred tax asset not recognised	127,747	107,145	127,747	107,145
Income tax expense	-	-	-	-

c) Unrecognised deferred tax balances

Tax losses available to members of the group – revenue	1,376,893	951,071	1,376,893	951,071
Potential tax benefit at 30%	413,068	285,321	413,068	285,321

A deferred tax asset attributable to income tax losses has not been recognised at balance date as the probability criteria disclosed in Note 1(b) is not satisfied and such benefit will only be available if the conditions of deductibility, also disclosed in Note 1(b), are satisfied.

For the purposes of taxation, Telezon Limited and its 100% owned Australian subsidiary are not a tax consolidated group.

Note 4 Dividends

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

	Consolidated Group 2009 $	Consolidated Group 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Note 5 Receivables (Current)				
Goods and services tax	8,289	2,944	8,289	2,944
Option exercise	-	15,104	-	15,104
Amount owing from controlled entity*	-	-	1,743,256	1,408,218
	8,289	18,048	1,751,545	1,426,266

*The amount owing from controlled entity is unsecured, interest free and has no fixed terms of repayment.

	Consolidated Group 2009 $	Consolidated Group 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Note 6 Financial Asset				
Available-for-sale financial assets				
Investment in listed entities				
At fair value	13,120	24,000	13,120	24,000
Note 7 Intangibles				
Patented plastic hypodermic needle technology – at acquisition cost	613,401	613,401	-	-
Development expenditure incurred since acquisition	1,129,855	794,817	-	-
	1,743,256	1,408,218	-	-

Note 8 Controlled Entity

	Country of Incorporation	Percentage interests held 2009 %	Percentage interests held 2008 %	Cost of parent entity's investment 2009 $	Cost of parent entity's investment 2008 $
SSB Technology Pty Ltd	Australia	100	100	-	-

	Consolidated Group 2009 $	Consolidated Group 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Note 9 Plant and Equipment				
Plant and equipment				
At cost	99,310	99,310	99,310	99,310
Accumulated depreciation	(34,587)	(24,656)	(34,587)	(24,656)
	64,723	74,654	64,723	74,654
(a) Movements in carrying amounts				
Balance at the beginning of year	74,654	84,160	74,654	84,160
Additions	-	425	-	425
Depreciation expense	(9,931)	(9,931)	(9,931)	(9,931)
Balance at the end of year	64,723	74,654	64,723	74,654
Note 10 Payables (Current)				
Trade creditors	14,933	11,590	14,933	11,590

	Consolidated Group 2009 $	Consolidated Group 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Note 11 Contributed Equity				
a) Paid up capital				
29,000,000 ordinary shares (30 June 2008: 29,000,000 ordinary shares)	24,296,386	24,296,386	24,296,386	24,296,386

	No of Shares	Paid up Capital $
b) Movements in shares on issue		
Balance 1 July 2008	29,000,000	24,296,386
Shares issued during the period	-	-
Balance 30 June 2009	29,000,000	24,296,386
c) Movements in options on issue		
Balance 1 July 2008	-	-
Options issued	1,000,000	-
Balance 30 June 2009	1,000,000	-

d) Ordinary shares
Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

	Consolidated Group 2009 $	Consolidated Group 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Note 12 Reserves and accumulated losses				
a) Option reserve				
Balance 1 July	585,231	585,231	585,231	585,231
Value of options issued	20,474	-	20,474	-
Balance 30 June	605,705	585,231	605,705	585,231

The option reserve records items recognised as expenses on valuation of directors', employees' and consultants' share options.

	Consolidated Group 2009 $	Consolidated Group 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
b) Accumulated losses				
Balance 1 July	(21,843,665)	(21,574,702)	(21,843,665)	(21,574,702)
Net loss for the year	(371,143)	(268,963)	(371,143)	(268,963)
Balance 30 June	(22,214,808)	(21,843,665)	(22,214,808)	(21,843,665)

Note 13 Related Party Information

a) Directors
The following persons were directors of Telezon Limited during the financial year:

- Frank Carr — Executive Chairman
- Michelle Carr — Director
- Brian Martin — Director (Resigned 23 June 2009)
- Trevor Nye — Director (Appointed 23 June 2009)

Note 13 Related Party Information (cont'd)

b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, during the financial year:

- Bevan Jaggard Company Secretary

c) Key management personnel compensation

2009	Short-term benefits			Post-employment benefits		Share-based payment		
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Retire-ment benefits $	Options $	Others $	Total $
Directors								
Frank Carr	80,000	-	-	-	-	-	80,000+	160,000
Brian Martin	40,000	-	-	-	-	-	-	40,000
Michelle Carr	40,000	-	-	-	-	8,189	-	48,189
Trevor Nye	-	-	-	-	-	6,142^	-	6142
Total	**160,000**	**-**	**-**	**-**	**-**	**14,331**	**80,000**	**254,331**

2008	Short-term benefits			Post-employment benefits		Share-based payment		
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Retire-ment benefits $	Options $	Others $	Total $
Directors								
Frank Carr	80,000	-	-	-	-	-	80,000+	160,000
Brian Martin	40,000	-	-	-	-	-	-	40,000
Michelle Carr	20,000	-	-	-	-	-	-	20,000
Victor Webb	20,000*	-	-	-	-	-	-	20,000
Total	**160,000**	**-**	**-**	**-**	**-**	**-**	**80,000**	**240,000**

+Fees paid in the normal course of business for management and administration services totalling $80,000 (2008: $80,000) paid to Noble Pacific Pty. Ltd., a company of which Mr Frank Carr is a director.
* Victor Webb is resident in USA and was paid directors' fees amounting to A$40,000 per annum instead of salary.
^ Mr Trevor Nye was issued 300,000 options on 2 December 2008. This date was prior to his appointment as director of the Company which happened on 23 June 2009. As he still holds these options, their fair value have been included as part of the key management personnel remuneration disclosures above.

d) Shareholdings of directors and other key management personnel

	Balance 1 July 2008	Received as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2009
Directors					
Frank Carr	7,025,000	-	-	650,000	7,675,000
Michelle Carr	-	-	-	-	-
Trevor Nye	-	-	-	96,273	96,273
Total	**7,025,000**	**-**	**-**	**746,273**	**7,771,273**

e) Option holdings of directors and other key management personnel

	Balance 1 July 2008	Received as Remuneration	Options Exercised	Options Lapsed during the Year	Balance 30 June 2009
Directors					
Frank Carr	-	-	-	-	-
Michelle Carr	-	400,000	-	-	400,000
Trevor Nye	-	300,000	-	-	300,000
Total	**-**	**700,000**	**-**	**-**	**700,000**

f) Management Fees

The Company has entered into a service agreement with Noble Pacific Pty. Ltd., a director related entity, which commenced 1 January 2006 at the rate of $20,000 per quarter for management and administration of the Company. The agreement is renewable by negotiation and mutual consent.

During the financial year, consultancy fees amounting to $80,000 (2008: $80,000) were paid to Noble Pacific Pty. Ltd. for management and administration services as described above and Mr Frank Carr is a director of this company.

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Note 14 Auditor's Remuneration				
Remuneration of the auditor for:				
Auditing and reviewing of financial reports	19,600	10,500	19,600	10,500
Taxation compliance services	2,450	11,470	2,450	11,470
	22,050	21,970	22,050	21,970
Note 15 Loss Per Share				
(a) Basic Loss Per Share				
Loss used in calculating basic loss per share	(371,143)	(268,963)	(371,143)	(268,963)
Weighted average number of ordinary shares on issue during the year used as the denominator in calculating basic loss per share	29,000,000	28,586,318	29,000,000	28,586,318
Basic loss (cents) per share	(1.28)	(0.94)	(1.28)	(0.94)

(b) Diluted loss per share is the same as basic loss per share as there are no potential ordinary shares that are dilutive.

Note 16 Segment Information

The economic entity operates in only one industry segment being development of medical technology and only one geographical segment being Australia.

Note 17 Cash Flow Information

(a) Reconciliation of the net loss after income tax to the net cash flows from operating activities

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Net loss for the year	(371,143)	(268,963)	(371,143)	(268,963)
Non cash items				
Depreciation on non-current assets	9,931	9,931	9,931	9,931
Share options expensed	20,474		20,474	
Changes in assets and liabilities				
Amortisation	10,880	8,000	10,880	8,000
Decrease in trade and other receivables	9,759	4,130	9,759	4,130
Increase / (Decrease) in trade and other creditors	3,343	(28,736)	3,343	(28,736)
Net cash outflow from operating activities	(316,756)	(275,638)	(316,756)	(275,638)

(b) Reconciliation of cash

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Cash balance comprises:				
- cash assets	872,828	1,524,622	872,828	1,524,622

Note 18 Expenditure Commitments

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Not later than one year	160,000	144,000	160,000	144,000
Later than one year but not later than two years	-	60,000	-	60,000
	160,000	204,000	160,000	204,000

The Company has certain development expenditure commitments in relation to the technology to manufacture an integrated one-piece plastic hypodermic needle.

Note 19 Financial Instruments

a) Interest Rate Risk

The Company's exposure to interest rate risk which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below:

	Weighted Average	Floating Interest Rate	Fixed Interest Maturing	Fixed Interest Maturing	Non-Interest Bearing	Total
Consolidated and Parent Entity	Interest Rate	$	1 Year or Less $	1 to 5 Years $	$	$
30 June 2009						
Financial Assets						
Cash assets	3.30%	872,828	-	-	-	872,828
Receivables		-	-	-	8,289	8,289
Asset available for sale		-	-	-	13,120	13,120
		872,828	-	-	21,409	894,237
Financial Liabilities						
Payables		-	-	-	(14,933)	(14,933)
Net financial assets/(liabilities)		872,828	-	-	6,476	879,304

	Weighted Average	Floating Interest Rate	Fixed Interest Maturing	Fixed Interest Maturing	Non-Interest Bearing	Total
Consolidated and Parent Entity	Interest Rate	$	1 Year or Less $	1 to 5 Years $	$	$
30 June 2008						
Financial Assets						
Cash assets	6.97%	1,524,622	-	-	-	1,524,622
Receivables	-	-	-	-	18,048	18,048
Asset available for sale	-	-	-	-	24,000	24,000
		1,524,622	-	-	42,048	1,566,670
Financial Liabilities						
Payables	-	-	-	-	11,590	11,590
Net financial assets/(liabilities)		1,524,622	-	-	30,458	1,555,080

Interest rate sensitivity analysis

The sensitivity analyses have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's

- Net profit would increase by $4 thousand and decrease by $4 thousand (2008: increase by $8 thousand and decrease by $8 thousand). This is mainly attributable to the Group's exposure to interest rates on its investments.

b) Credit Risk

The maximum exposure to credit risk at balance date on financial assets of the Company is the carrying amount, net of any provisions for doubtful debts, as disclosed in the Balance Sheet and Notes to the financial statements.

c) Net Fair Value of Financial Assets and Liabilities

The carrying amounts of financial instruments included in the balance sheet approximate their fair values due to their short terms of maturity.

Note 20 Share Based Payments

a) Options issued

The Company issued options to a director and to third party contractors as part of its policy to continue to retain directors of high calibre and maintain on-going commercial relationships with the contractors.
Set out below is a summary of options issued as at 30 June 2009:

Issue date	Expiry date	Balance at start of year	Number issued during year	Number expired during year	Balance at end of year	Number exercisable at end of year
2/12/2008	31/12/2013	-	1,000,000*	-	1,000,000*	1,000,000

* The total options issued during the year are made up of:	No. of Options
Balance at 1 July 2008	-
Options issued to key management personnel (directors)	700,000
Options issued to consultants	300,000
Total	1,000,000

The details of the options issued to key management personnel are as per disclosures in the Directors' Report.

Fair value of director and employee shares issued:
The fair value at issue date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the share price at issue date and expected price volatility of the underlying share, and the risk free interest rate for the term of the loan.

The model inputs for options granted during the year ended 30 June 2009 included:

(a) options are granted for no consideration and vest from issue date to 31 December 2013.
(b) exercise price - $0.20.
(c) issue date - 2 December 2008.
(d) expiry date – 31 December 2013.
(e) expected price volatility of the Company's shares: 40%.
(f) risk-free interest rate: 4.5%.
(g) spot price at date of valuation: $0.10.

b) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense were as follows:

	Consolidated Group 2009 $	Consolidated Group 2008 $
Expenses related to options issued key management personnel (directors)	14,331	-
Expenses related to options issued to consultants	6,143	-
	20,474	-

Note 21 Events Subsequent to Reporting Date

There were no events of significance subsequent to 30 June 2009.

Note 22 Contingent Liabilities

The company commenced proceedings in the Supreme Court of Western Australia in 2005, seeking a declaration that the company is not indebted to a third party, which has a registered charge against the company. The charge was executed and registered when the company was the subject of a Deed of Company Arrangement. The funds advanced by a third party or its predecessor were advanced to the Administrator to enable the Administrator to satisfy the creditors of the company. At this time, the Company is not able to determine the outcome of the litigation as it is still on going.

Note 23 Company Details

The principal place of business of the Company is:

Telezon Limited
Level 9, 37 St George's Terrace
Perth WA 6000
Australia

Directors' Declaration

The Directors of the Company declare that:

1. The financial statements and notes as set out on pages 12 to 32 are in accordance with the Corporations Act 2001, and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2009 and of their performance for the year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. The directors have been given the declarations by the chief executive officer and the chief financial officer required by section 295A of the Corporations Act 2001.

   This declaration is made in accordance with a resolution of the Directors.

FRANK CARR
Executive Chairman

Dated at Perth this 28th day of August 2009

RSM! Bird Cameron Partners
Chartered Accountants

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Telezon Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

S Cubitt

S C CUBITT
Partner

Perth, WA
Dated: 28 August 2009

RSM Bird Cameron Partners

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

TELEZON LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Telezon Limited ("the company"), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1 to the Financial Statements, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

(a) the financial report of Telezon Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1 to the financial statements.

Report on the Remuneration Report

We have audited the Remuneration Report which is included in the directors' report for the financial year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Telezon Limited for the financial year ended 30 June 2009 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

S C CUBITT
Partner

Perth, WA
Dated: 28 August 2009

ASX Additional Information

Additional information required by the Australian Securities Exchange Ltd. and not shown elsewhere in this report is as follows:

a) Distribution of equity securities

TOP SPREAD REPORT AS AT 28 SEPTEMBER 2009
CLASS: TLZ FULLY PAID ORDINARY SHARES
ACN: 009 151 277

Spread of Holdings	No. Holders	No. Shares	% Total Issued Capital
1 - 1,000	321	179,183	0.618
1,001 - 5,000	487	1,371,299	4.729
5,001 - 10,000	137	1,131,403	3.901
10,001 - 100,000	172	5,961,423	20.557
100,001 +	43	20,356,682	70.195
TOTAL	**1,160**	**29,000,000**	**100.000%**

No. of shareholders holding less than a marketable parcel of shares is: 611 (760,109 shares)

b) Twenty largest shareholders

Rank	Shareholder	Total Shares	% Issued Capital
1	MR FRANK CARR	7,900,000	27.24
2	LINK TRADERS (AUST) PTY LTD	2,245,357	7.74
3	JOHN GILMORE	505,536	1.74
4	NAVOS WORLD PTY LTD	500,000	1.72
5	BELL POTTER NOMINEES LTD	489,000	1.69
6	AGENS PTY LTD	450,000	1.55
7	BERNARD LAVERTY PTY LTD	430,000	1.48
8	WALPOLE ST ANDREWS NOMINEES LTD	413,008	1.42
9	WOODHURST PTY LTD	400,000	1.38
10	KORFA AUSTRALIA PTY LTD	394,700	1.36
11	JUDITH HARE	375,000	1.29
12	ALEXANDER CATO PTY LTD	347,254	1.20
13	BRIAN CADE	337,899	1.18
14	OLYMPUS INVESTMENT HOLDINGS LTD	325,900	1.12
15	GARY JOHN BARTLETT	318,061	1.10
16	CITYVIEW CORPORATION LTD	313,500	1.08
17	LAWSTAR PTY LTD	305,900	1.05
18	WALPOLE ST ANDREWS NOMINEES LTD	294,742	1.02
19	BROADBENT NOMINEES PTY LTD	290,636	1.00
20	LINK TRADERS (AUST) PTY LTD	278,150	0.96
		16,914,643	**58.33**

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