



Innovating Technologies for Life

# ITL Limited

ABN 16 088 212 088

## ASX Appendix 4E Preliminary Final Report

for the year ended  
30 JUNE 2010

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## Appendix 4E Results for Announcement to the Market

Name of entity

**ITL Limited**

ABN or equivalent company reference  
16 088 212 088

Reporting Period  
**30 June 2010**  
(Comparative period – 30 June 2009)

### 2.0 Results for announcement to the market

*\$A'000*

2.1 Total revenues from ordinary activities	Down	5%	to	41,326
2.2 Profit/(loss) from continuing operations after tax attributable to members	Down	4%	to	(12,324)
2.3 Net profit/(loss) for the period attributable to members	Down	4%	to	(12,324)
2.4 Dividends (distributions)		Amount per security		Franked amount per security
<b>Current period</b>				
Final dividend		N/A		N/A
Interim dividend		N/A		N/A
<b>Previous corresponding period</b>				
Final dividend		N/A		N/A
Interim dividend		N/A		N/A
2.5 Record date for determining entitlements to the dividend.	N/A			

2.6 Brief explanation of any of the figures reported above necessary to enable the figures to be understood.

**Review and Results of Operations**

ITL Limited - Consolidated Group

A prior period adjustment to retained earnings of \$8.381 million has been made in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The adjustment was the result of a review over the carrying value of the Group's assets.

**Inventories** Management has reviewed the carrying value of the group's inventories at 30 June 2009, provisions made against the inventories and their basis, the net realisable value of those inventories and determined that the inventories had not been written down sufficiently in accordance with the policies of the company and applicable accounting standards. The amount of the write down required was determined to be \$1.350 million.

**Intangible assets** A review of amounts capitalised with respect to tooling identified an amount of \$0.542 million relating to projects that were abandoned prior to 30 June 2009. These costs should have been written down to nil value as the amounts were not recoverable. A further review of the remaining intangible assets found that their carrying values were in excess of their recoverable values. Accordingly a further write down of \$0.523 million was required.

**Goodwill** A review of the calculations used to support the goodwill balance at 30 June 2009 has revealed a number of errors in the application of AASB 136 including the identification of applicable Cash Generating Units, incorrect treatment of tax expenditure, incorrect application of working capital adjustments and an error in the weighted average cost of capital used to determine appropriate discount rates. A correction of these adjustments has resulted in a further impairment of goodwill relating to the Group's Healthcare Australia business of \$2.5 million and of the South East Asia business of \$1 million.

**Deferred Tax Assets** A review of the calculations used to support the Deferred Tax Asset ("DTA") balance at 30 June 2009 has revealed a number of errors in the application of AASB112. A correction of these adjustments has resulted in an impairment of the Deferred Tax Asset balance relating to the Australian Tax Consolidated Group of \$2.272M.

**Other** Further adjustments were made relating to carrying values of assets and provisions made as a result of a wider review of the application of accounting policies and applicable accounting standards. As a result further adjustments were made against prior period results of \$0.194 million.

For the ITL Consolidated Group ('Group') revenue for the year ended 30 June 2010 was \$41.326 million (2009: \$43.828 million) a decrease of 5%.

Loss Before Interest, Tax, Depreciation and Amortisation (EBITDA) for the year ended 30 June 2010 was \$11.450 million (2009: \$9.183 million loss). Included in this loss are restructuring and other one-off expenses of \$11.474 million (2009: \$10.016 million). Impairment of goodwill of \$10.9m at 30 June 2010 reflects updated business assumptions which have resulted in the writeoff of all goodwill for Innovative Products Group \$2.6m, Healthcare Australia \$3.2m and Healthcare S.E.Asia \$5.2m. One off expenses incurred were as follows: -

	2010	2009
	S'000's	S'000's
Impairment of Goodwill	10,921	3,500
Impairment of other assets	148	3,336
Restructuring Expense	334	3,180
Losses on sale of surplus land and buildings in Malaysia	70	-
	<b>11,474</b>	<b>10,016</b>

Loss Before Interest and Tax ('EBIT') for the year ended 30 June 2010 was \$13.270 million (2009: \$11.076 million).

Included within EBIT for the year ended 30 June 2010 are depreciation and amortisation charges totalling \$1.820 million (2009: \$1.893 million).

Loss after Tax for the year ended 30 June 2010 was \$12.324 million (2009: \$11.863 million loss), an increase of 4%.

Cash and cash equivalents were \$3.107 million at 30 June 2010 (June 2009: \$2.492 million).

Positive Operating Cashflow for the year ended 30 June 2010 was \$2.627 million (2009: \$0.015 million Negative Operating Cashflow). Included within the operating cashflow at 30 June 2010 is interest expense totalling \$0.745 million (2009: \$0.694 million).

Total external debt was \$10.057 million at 30 June 2010 (2009: \$10.843 million), with net debt balances of \$6.950 million (2009: \$8.351 million net debt balance).

During the year the company successfully concluded the sale of its premises at 41-45 Tennant Street, Fyshwick - Canberra, as well as a parcel of land held in Chemor Malaysia, applying the net proceeds towards retiring \$1.1M in Bank debt.

The company has not declared a dividend for the year ended 30 June 2010.

3.0 NTA Backing	Current period 30 June 2010	Previous Period 30 June 2009
Net tangible asset backing per +ordinary security	0.082 cents	0.108 cents

Total Net Assets at 30 June 2010 were \$15.176 million including \$2.224 million of net deferred tax balances and \$2.104 million of intangible assets.

**4.0 Control gained or lost over entities having material effect**

4.1	Name of entity (or group of entities) of which control was gained during the period	Not applicable, as there were no entities which control was gained/loss during the period.
4.2	Consolidated profit/(loss) from ordinary activities <u>after tax</u> of the controlled entity (or group of entities) since the date in the current period on which control was obtained.	Not applicable, as there were no entities which control was gained/loss during the period.
4.3	Date from which such profit has been calculated	Not applicable, as there were no entities which control was gained/loss during the period.
4.4	Profit/(loss) from ordinary activities after tax of the controlled entity (or group of entities) disposed during the period, for the whole of the previous corresponding period.	Not applicable, as there were no entities which control was gained/loss during the period.

**5.0 Dividends**

If this is the final dividend, has it been declared?

N/A

**Amount per security**

Dividends (distributions)	Amount per security	Franked amount per security	Amt per security of foreign sourced dividend
<b>Current Year</b>			
Final	N/A	N/A	N/A
Interim	N/A	N/A	N/A
	-	-	-
<b>Previous Year</b>			
Final	N/A	N/A	N/A
Interim	N/A	N/A	N/A
	-	-	-

Total Dividends (distributions) per security (interim + final)	Current Year	Previous Year
Final	N/A	N/A
Interim	N/A	N/A
<b>Total</b>	N/A	N/A

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**Additional information on current year dividends**

Date the dividend (distribution) is payable N/A

Details of individual and total dividends or distributions and dividend or distribution payments. N/A

The dividend or distribution plans shown below are in operation.

The company has a Dividend Reinvestment Plan. Full details of this Plan are disclosed in the Prospectus lodged with ASIC and the ASX on 17 September 2003.

The last date(s) for receipt of election notices for the dividend or distribution plans. N/A

**6.0 Material interests in entities which are not controlled entities**

The economic entity has an interest (that is material to it) in the following entities. *(If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy"))*.

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Aggregate share of profit (loss)		Contribution to net profit (loss)	
	Current period	Previous corresponding period	Current period SA'000	Previous corresponding period SA'000	Current period SA'000	Previous corresponding period SA'000
Equity accounted associates and joint venture entities						
	N/A	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A	N/A

**7.0 Other Information**

Annual Meeting

The annual meeting will be held as follows:

Place: ITL Limited  
1/63 Wells Road  
Chelsea Heights VIC 3196


Date: To be advised.

Time: To be advised.

**8.0 Compliance Statement**

This report has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations)

The preliminary financial report has been prepared based on 30 June 2010 accounts which are in the process of being audited by an independent Audit Firm in accordance with the requirements of S302 of the Corporations Act.

Signed here:  ..... Date: 31st August 2010  
Jennine McClure  
Company Secretary

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**ITL Limited**  
**(ABN: 16 088 212 088)**

**FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**30 JUNE 2010**

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**ITL Limited**

ABN: 16 088 212 088

**DIRECTORS**

Mr. Julian Gosse (Chairman)  
Mr. Roy Rose (Resigned - 20 August 2010)  
Dr. Mike Hirshorn (Resigned - 10 August 2010)  
Mr. Brian Andrews (Managing Director & Chief Executive Officer - Resigned 18 August 2010)  
Mr. William Mobbs (Interim Managing Director & Chief Executive Officer - Appointed 18 August 2010)  
Mr. Sanjay Sehgal (Appointed Director 18 August 2010 and Chairman, Audit Committee 30 August 2010)

**INTERIM MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER**

Mr. William Mobbs

**COMPANY SECRETARY**

Jennine McClure (Appointed 15 September 2009)  
Greg Lewis (Resigned 15 September 2009)

**REGISTERED OFFICE**

Unit 1, 63 Wells Road  
Chelsea Heights, VIC 3196

Tel: (03) 8773 3050

**SHARE REGISTER**

Registries Limited  
Level 7  
207 Kent Street  
Sydney, NSW 2000  
Tel: 1300 737 760  
Fax: 1300 653 459

**AUDITORS**

PriceWaterhouseCoopers

**INTERNET ADDRESS**<http://www.itl-limited.com.au>**CONTENTS****PAGE**

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## ITL Limited

### DIRECTORS INFORMATION

The names of the company's directors in office during the year ended 30 June 2010 and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

Mr. Julian Gosse	(Chairman)
Mr. Roy Rose	(Resigned - 20 August 2010)
Dr. Mike Hirshorn	(Resigned - 10 August 2010)
Mr. Brian Andrews	(Managing Director & Chief Executive Officer - Resigned 18 August 2010)
Mr. William Mobbs	(Interim Managing Director & Chief Executive Officer - Appointed 18 August 2010)
Mr. Sanjay Sehgal	(Appointed Director 18 August 2010 and Chairman, Audit Committee 30 August 2010)

### COMPANY SECRETARY

Jennine McClure	(Appointed 15 September 2009)
Greg Lewis	(Resigned 15 September 2009)

### PRINCIPAL ACTIVITIES

The principal activities of the company during the year were:

#### Innovative Products Group ("IPG")

ITL produces devices that assist healthcare providers in obtaining a variety of biological samples with minimal risk of personal injury. The Division incorporates Innovation & Commercialisation and Research & Design, as well as Innovative products manufacturing. The former is responsible for new product development and the management of the company's existing portfolio of products. Innovative products manufacturing is based in Ipoh, Malaysia.

#### Healthcare Australia ("HCA")

Healthcare Australia's primary source of revenue has historically been derived from the production of a broad range of sterile medical procedure packs including monitoring units. More recently the business has diversified with an increasing percentage of sales being derived from standalone medical devices such as gowns and drapes.

#### Healthcare South East Asia ("HCSEA")

ITL Healthcare South East Asia markets and distributes medical equipment, surgical instruments and consumables to over 160 hospitals and medical centres throughout Malaysia.

### EARNINGS PER SHARE

	2010 Cents	2009 Cents
Basic loss per share	(9.29)	(8.91)
Diluted loss per share	(9.29)	(8.91)

### RESULTS

The consolidated net loss after tax of the ITL Limited Group for the year ended 30 June 2010 was (\$12.324m) (2009: \$11.863m).

### DIVIDENDS

	Cents	\$'000
Final Dividends Recommended		
• On ordinary shares	Nil	Nil
Dividends paid in the year		
Final Dividend - 2009		
• On ordinary shares	Nil	Nil
Interim Dividend - 2010		
• On ordinary shares	Nil	Nil
	<u>Nil</u>	<u>Nil</u>



## ITL Limited

### DIRECTORS INFORMATION / continued

### REVIEW AND RESULTS OF OPERATIONS

#### ITL Limited - Consolidated Group

A prior period adjustment to retained earnings of \$8.381 million has been made in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The adjustment was the result of a review over the carrying value of the Group's assets.

Inventories	Management has reviewed the carrying value of the group's inventories at 30 June 2009, provisions made against the inventories and their basis, the net realisable value of those inventories and determined that the inventories had not been written down sufficiently in accordance with the policies of the company and applicable accounting standards. The amount of the write down required was determined to be \$1.350 million.
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Deferred Tax Assets	A review of the calculations used to support the Deferred Tax Asset ("DTA") balance at 30 June 2009 has revealed a number of errors in the application of AASB 112. A correction of these adjustments has resulted in an impairment of the Deferred Tax Asset balance relating to the Australian Tax Consolidated Group of \$2.272M.
Other	Further adjustments were made relating to carrying values of assets and provisions made as a result of a wider review of the application of accounting policies and applicable accounting standards. As a result further adjustments were made against prior period results of \$0.194 million.

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The company has not declared a dividend for the year ended 30 June 2010.

## ITL Limited

### DIRECTORS INFORMATION / continued

### REVIEW AND RESULTS OF OPERATIONS / continued

Summarised operating results are as follows:

	30-Jun-10 S'000	30-Jun-09 S'000
<b>Revenue</b>		
Sale of goods and services		
Innovative Products Group (IPG)	9,114	12,039
Health Care Australia (HCA)	16,834	14,451
Health Care South East Asia (HCSEA)	14,894	17,168
	<u>40,842</u>	<u>43,657</u>
Gain on foreign currency transactions	230	-
Other Revenue	160	76
	<u>41,232</u>	<u>43,733</u>
<b>Total Earnings Before Interest and Tax - Core Operations</b>	<u>#REF!</u>	<u>1,021</u>
Impairment of Goodwill	(10,921)	(3,500)
Impairment of other assets	(148)	(5,943)
Restructuring Expense	(334)	(2,654)
Losses on sale of surplus land and buildings in Malaysia	(70)	-
	<u>(11,474)</u>	<u>(12,097)</u>
<b>Total Earnings Before Interest and Tax</b>	<u>#REF!</u>	<u>(11,076)</u>
Interest Income	33	95
Interest Expense	(745)	(696)
Income Tax Credit / Expense	1,658	(186)
	<u>#REF!</u>	<u>(11,863)</u>
<b>Net Profit After Tax</b>	<u>#REF!</u>	<u>(11,863)</u>
<b>Cashflow from Operations</b>	<u>2,627</u>	<u>(15)</u>

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

- There have been no significant changes in the state of affairs during the year ended 30 June 2010.

### LIKELY DEVELOPMENTS AND EXPECTED RESULTS

During July 2010, the company received Malaysian government approval to sell its remaining two parcels of land held in Chemor Malaysia, with settlement expected by September 2010. The net sale proceeds from this sale will be applied towards retiring a further \$A400,000 in Bank debt within Malaysia.

During August 2010, Dr Mike Hirshorn, Mr Roy Rose and Mr Brian Andrews resigned as Directors. Mr Bill Mobbs and Mr Sanjay Sehgal were appointed as Directors on 18 August 2010.

Mr Bill Mobbs will act as Interim Managing Director and Chief Executive Officer effective 18 August 2010 following the departure of Mr Brian Andrews.

No other significant events have occurred after the balance date and up to the date of this report that require disclosure.

There has not been any other matter or circumstance in the interval between the end of the year and the date of this report that has materially affected or may materially affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial periods.

### ROUNDING

The amounts contained in the accompanying year financial information have been rounded to the nearest \$1,000 (where applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

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**ITL Limited**

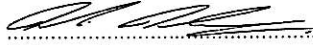
**DIRECTORS INFORMATION / continued**

**CORPORATE GOVERNANCE**

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of ITL Limited support and have adhered to the principles of corporate governance.

The company's corporate governance statement is available on the company's website [www.itl-limited.com](http://www.itl-limited.com), and also contained within the Chairman's address in the 2010 annual report.

Signed in accordance with a resolution of the Directors.



Julian Gosse (Chairman)

Melbourne, 31 August 2010

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**ITL Limited**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2010**

	Notes	CONSOLIDATED	
		30-Jun-10 S'000s	30-Jun-09 S'000s
<b>ITL Limited - Consolidated Group</b>			
Revenue	2 (i)	40,842	43,657
Cost of goods sold		(24,995)	(28,898)
Gross Profit		15,847	14,759
Other Income	2 (ii)	484	171
Salaries and employee benefit expenses		(10,800)	(8,985)
Depreciation and amortisation expenses	3 (a)	(1,820)	(1,893)
Finance costs		(745)	(696)
Premises & office expenses		(1,918)	(1,620)
Other expenses from ordinary activities	3 (b)	(3,557)	(3,397)
Loss before tax before impairment; restructuring expenses and disposal of land and buildings in Malaysia		(2,509)	(1,661)
Impairment of assets		(11,070)	(6,836)
Restructuring expenses		(334)	(3,180)
Loss on sale of surplus land and buildings in Malaysia		(70)	-
<b>Loss before tax</b>		<b>(13,982)</b>	<b>(11,677)</b>
Income tax benefit/(expense)		1,658	(186)
<b>Net Loss Attributable to Members of ITL Limited</b>		<b>(12,324)</b>	<b>(11,863)</b>
<b>Other comprehensive (income) expenses</b>			
Currency translation differences		96	505
Increase/(Decrease) in asset revaluation reserve		(3)	(378)
<b>Other comprehensive (income) expenses for the period, net of tax</b>		<b>92</b>	<b>127</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>			
		<b>(12,232)</b>	<b>(11,736)</b>
Loss attributable to members of the parent		(12,324)	(11,863)
Total comprehensive income attributable to members of the parent		(12,232)	(11,736)
<b>Earnings per share (cents per share)</b>			
- Basic profit/(loss) per share (cents per share)		(9.29)	(8.91)
- Diluted profit/(loss) per share (cents per share)		(9.29)	(8.91)

The accompanying notes form part of the financial statements

**ITL Limited**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2010**

<b>ITL Limited - Consolidated Group</b>	<b>Notes</b>	<b>CONSOLIDATED</b>	
		<b>30-Jun-10 S'000s</b>	<b>30-Jun-09 S'000s</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	9	3,107	2,492
Trade and other receivables	5	8,007	7,585
Inventories		11,220	10,669
Current tax assets		305	193
Other assets	6	615	1,048
<b>Total Current Assets</b>		<b>23,254</b>	<b>21,988</b>
<b>Non-current Assets</b>			
Property, plant and equipment		7,927	8,814
Product tooling		969	2,612
Intangible assets	7	2,104	12,673
Deferred tax assets		2,224	534
<b>Total Non-current Assets</b>		<b>13,224</b>	<b>24,633</b>
<b>TOTAL ASSETS</b>		<b>36,479</b>	<b>46,621</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		10,214	7,608
Interest bearing loans and borrowings	10	8,992	8,671
Current tax liabilities		-	2
Provisions		671	578
<b>Total Current Liabilities</b>		<b>19,876</b>	<b>16,858</b>
<b>Non-current Liabilities</b>			
Interest bearing loans and borrowings	10	1,065	2,172
Deferred tax liabilities		-	-
Provisions		361	174
<b>Total Non-current Liabilities</b>		<b>1,426</b>	<b>2,346</b>
<b>TOTAL LIABILITIES</b>		<b>21,303</b>	<b>19,205</b>
<b>NET ASSETS</b>		<b>15,176</b>	<b>27,416</b>
<b>EQUITY</b>			
Contributed Equity	8	38,957	38,957
Foreign Currency Translation Reserve		(1,093)	(1,189)
Options Reserve		42	50
Asset Revaluation Reserve		335	338
Retained Earnings		(23,064)	(10,740)
<b>TOTAL EQUITY</b>		<b>15,176</b>	<b>27,416</b>

The accompanying notes form part of the financial statements

**ITL Limited**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2010**

	CONTRIBUTED EQUITY	FOREIGN CURRENCY RESERVE	CONSOLIDATED OPTIONS RESERVE	ASSET REVALUATION RESERVE	RETAINED EARNINGS	TOTAL
	S'000	S'000	S'000	S'000	S'000	S'000
<b>As at 1 July 2009</b>	38,957	(1,189)	50	338	(10,740)	27,416
Changes in equity for the year to 30 June 2010						
Total comprehensive income for the year, net of tax		96		(3)	(12,324)	(12,232)
Total income/(expense) for the year						-
Employee Share Option Reserve			(8)			(8)
			0			
<b>As at 30 June 2010</b>	<b>38,957</b>	<b>(1,093)</b>	<b>42</b>	<b>335</b>	<b>(23,064)</b>	<b>15,176</b>
<b>As at 1 July 2008</b>	38,957	(1,694)	-	716	1,452	39,431
Changes in equity for the year to 30 June 2009						
Total comprehensive income for the year, net of tax		505		(378)	(11,863)	(11,736)
Employee Share Option Reserve			50			50
Equity Dividends					(329)	(329)
<b>As at 30 June 2009</b>	<b>38,957</b>	<b>(1,189)</b>	<b>50</b>	<b>338</b>	<b>(10,740)</b>	<b>27,416</b>

**ITL Limited**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2010**

	CONSOLIDATED	
	30-Jun-10 S'000s	30-Jun-09 S'000s
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipt of service revenue and recoveries	39,841	43,733
Payments to suppliers and employees	(36,470)	(42,931)
Interest received	32	95
Interest paid	(745)	(694)
Income tax paid	(31)	(218)
<b>NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>2,627</b>	<b>(15)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of plant and equipment	(963)	(645)
Proceeds from sale of property, plant and equipment	1,190	
Purchase of product tooling and development	(471)	(1,374)
Proceeds from sale of product tooling and development	-	
Purchase of intangible assets	(262)	(268)
Proceeds from sale of intangible assets	-	
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(507)</b>	<b>(2,286)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from interest bearing liabilities	258	-
Repayment of interest bearing liabilities	(1,620)	(287)
Proceeds from issue of share capital	-	
Payment of dividend on ordinary shares	-	(329)
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>	<b>(1,361)</b>	<b>(616)</b>
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>758</b>	<b>(2,918)</b>
Net foreign exchange differences	(754)	
Cash and cash equivalents at beginning of period *	(3,412)	(494)
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD *</b>	<b>9 (3,408)</b>	<b>(3,412)</b>

\* Net of Bank Overdraft & bankers acceptances balances.

The accompanying notes form part of the financial statements

## ITL Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

#### CORPORATE INFORMATION

The financial information in this report for ITL Limited for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the Directors on 31st August 2010.

ITL Limited is a company limited by shares and incorporated in Australia whose shares are publicly listed on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group are described within this note at 1(b) Segment Reporting and at note 13.

#### 1. BASIS OF PREPARATION

The financial information in this report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The financial information in this report should be read in conjunction with the Annual Financial Report of ITL Limited as at 30 June 2010, when it becomes available, which is prepared based on the Australian Accounting Standards (including Accounting Interpretations).

It is recommended the Annual Financial Report of ITL Limited as at 30 June 2010 be considered together with any public announcements made by ITL Limited and its controlled entities during the year ended 30 June 2010 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

##### (a) Basis of Accounting

There have been no material adjustments to the accounting policies of the Group since June 2009. Adoption of AASB 8 Operating Segments as at 1 July 2009 has resulted in an adjustment to the disclosure of operating segments for the current period, with the inclusion of a Corporate Business Unit.

AASB 101 Presentation of Financial Statements has been amended resulting in changes in the presentation of the year report.

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new Statement of Comprehensive Income. The Statement of Comprehensive Income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one statement.

The Group has not elected to early adopt any new standards or amendments.

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2009.

##### (b) Segment reporting

This segment note reflects the requirements of AASB 8 *Operating Segments*. As this is the first time the Group has adopted AASB 8 *Operating Standards* the accounting policies have been provided to give readers of the segment information a complete understanding of the disclosures.

The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and services to different markets.

Transfer prices between business segments are set on an arms' length basis in a manner similar to transactions with third parties. Segment revenue, expense and segment result include transfers between business segments. Those transfers are eliminated on consolidation.



## **ITL Limited**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

#### **1. BASIS OF PREPARATION (continued)**

##### **(b) Segment reporting (continued)**

###### **Innovative Products Group ("IPG")**

ITL aspires to protect healthcare clinical service providers through the development and production of a broad range of proprietary biological safety sampling devices. Our products enhance the safe collection of biological samples through functionality and design preventing injury and contamination in the process.

The division incorporates 'innovation & commercialisation' and 'research & design', and 'manufacturing'. The former is responsible for new product development and the management of the company's existing portfolio of products. The company's new product development programs are driven by the identification and satisfaction of unmet customer needs validated through market research and engagement with key customer groups. The in-house new product development capabilities include project design, rapid prototype development, injection moulding toolmaking, testing and validation, regulatory and compliance, manufacturing, assembling and packaging.

Innovative products manufacturing is based in Ipoh, Malaysia and produces a portfolio of innovative biological safety sampling devices. Precision injection moulding tools are designed and developed in-house and in addition to the production of the company's proprietary products the facility also provides contract manufacturing to ITL's customers. The company's infrastructure includes two Class 100,000 clean rooms, a class 10,000 clean room, injection moulding plant, mould tool manufacturing and a full laboratory. The facility is TUV accredited for CE marking and its Quality Management System is certified to ISO 13485:2003. The facility is also accredited to the Environmental Management System ISO 14001:2004.

###### **Healthcare Australia ("HCA")**

The company has invested in creating a state of the art standalone operation with in-house ethylene oxide sterilisation capabilities and Class 3500 clean room assembly facilities. Historically this operating unit's primary source of revenue has been derived from the production of a broad range of sterile medical procedure packs including monitoring kits. More recently the business has diversified with an increasing percentage of sales being derived from standalone medical devices such as gowns and drapes.

###### **Healthcare South East Asia ("HCSEA")**

Headquartered in Kuala Lumpur, Malaysia ITL Healthcare South East Asia markets and distributes medical equipment, surgical instruments and consumables to over 160 hospitals and medical centres throughout Malaysia. Since acquisition HCSEA has transitioned from a high value low volume capital equipment sales and marketing operation to a broad portfolio of products representing world class medical device manufacturers including Siemens and the Stryker Corporation.

###### **Corporate & other**

The Corporate business segment consists of the Board of Directors, Head Office expenses and the costs of Group communications and reporting.

**ITL Limited****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

	CONSOLIDATED	
	30-Jun-10	30-Jun-09
	S'000s	S'000s
<b>2. REVENUE</b>		
Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:		
<b>(i) Revenue</b>		
Sale of goods		
Innovative Products Group (IPG)	9,114	12,039
Healthcare Australia (HCA)	16,834	14,451
Healthcare South East Asia (SEA)	14,894	17,168
	<u>40,842</u>	<u>43,657</u>
<b>(ii) Other income</b>		
Gain on foreign currency transactions	230	-
Other revenue	221	76
Interest revenue	33	95
	<u>484</u>	<u>171</u>
Total income from continuing operations	<u>41,326</u>	<u>43,828</u>
<b>3. EXPENSES</b>		
<b>(a) Depreciation expenses</b>		
Depreciation & Amortisation of non-current assets		
Land & buildings	292	87
Plant and equipment	1,068	697
Office & computer equipment	365	381
Tooling	(111)	996
Amortisation of product design, patents and IP	671	506
	<u>2,287</u>	<u>2,667</u>
Disclosed in cost of sales	(467)	(773)
Total depreciation and amortisation of non-current assets	<u>1,820</u>	<u>1,893</u>

**ITL Limited****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

	<b>CONSOLIDATED</b>	
	<b>30-Jun-10</b>	<b>30-Jun-09</b>
	<b>\$'000s</b>	<b>\$'000s</b>
<b>3. EXPENSES (Continued)</b>		
<b>(b) Other expenses</b>		
Audit & accountancy	275	236
Business insurance	315	185
Communications	914	968
Consultants fees	415	56
Legal fees	114	245
Product related expense	462	220
Regulatory & QA expense	59	92
Travel and accommodation	727	1,087
Exchange losses foreign currency transactions	-	41
Other expenses	276	267
Total other expenses from ordinary activities	<u>3,557</u>	<u>3,397</u>
<b>(c) Other</b>		
Expensing of share-based payments	<u>(8)</u>	<u>50</u>
<b>4. DIVIDENDS PAID AND PROPOSED</b>		
<b>Equity dividends on ordinary shares:</b>		
<b>(a) Dividends paid during the year</b>		
(i) Fully franked dividend paid for the year ended 30 June 2010:		
Nil cents (2009: 0.0 cents)		<u>-</u>
<b>5. RECEIVABLES (CURRENT)</b>		
	<b>30-Jun-10</b>	<b>30-Jun-09</b>
	<b>\$'000s</b>	<b>\$'000s</b>
Trade receivables	7,399	6,842
Allowance for impairment loss	<u>(350)</u>	<u>(272)</u>
	7,048	6,570
Other receivables	(99)	(56)
Accrued revenue	1,057	1,072
	<u>8,007</u>	<u>7,585</u>
<b>6. OTHER ASSETS (CURRENT)</b>		
Prepayments	294	941
Bonds and deposits	321	107
	<u>615</u>	<u>1,048</u>

**ITL Limited**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

	CONSOLIDATED	
	30-Jun-10 S'000s	30-Jun-09 S'000s
<b>7. INTANGIBLE ASSETS</b>		
Goodwill		
Innovative Product Group (IPG)	-	2,575
Healthcare Australia (HCA)	-	3,171
Healthcare South East Asia Divison (HCSEA)	-	5,175
	<u>-</u>	<u>10,921</u>
Product development	1,498	1,176
Accumulated amortisation	(671)	(707)
Accumulated impairment	(300)	
	<u>527</u>	<u>469</u>
Patents, trademarks and licences at cost	3,392	1,877
Accumulated amortisation	(2,388)	(1,342)
	<u>1,004</u>	<u>535</u>
Capitalised Software at cost	1,318	1,251
Accumulated amortisation	(744)	(503)
	<u>574</u>	<u>748</u>
Total Intangible Assets	<u>2,105</u>	<u>12,673</u>

**8. ISSUED CAPITAL**

Ordinary shares		
Issued and fully paid	<u>38,957</u>	<u>38,957</u>

**Movements in ordinary shares on issue**

	30-Jun-10		30-Jun-09	
	No. of Shares	S'000s	No. of Shares	S'000s
Beginning of the financial period	131,645,386	38,957	131,645,386	38,957
Issued during the year				
- Dividend reinvestment plan	-		-	
- Executive and employee options exercised	-		-	
End of the financial period	<u>131,645,386</u>	<u>38,957</u>	<u>131,645,386</u>	<u>38,957</u>

**ITL Limited****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010****CONSOLIDATED**

	30-Jun-10	30-Jun-09
	S'000s	S'000s

**9. RECONCILIATION OF CASH**

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents comprise the following:

Cash on hand	4	5
Cash at bank	3,103	2,487
	<u>3,107</u>	<u>2,492</u>
Bank overdrafts & bankers acceptances	(6,515)	(5,905)
	<u>(3,407)</u>	<u>(3,412)</u>

**10. INTEREST-BEARING LOANS AND BORROWINGS****Current**

Bank overdrafts & bankers acceptances	6,515	5,905
Bank loans	2,111	2,523
Hire purchase liability	366	243
	<u>8,992</u>	<u>8,671</u>

**Non-current**

Bank loans	842	1,633
Hire purchase liability	223	539
	<u>1,065</u>	<u>2,172</u>
	<u>10,057</u>	<u>10,843</u>

**11. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There has been no change in contingent liabilities since the last annual reporting date.

**12. EVENTS AFTER BALANCE DATE**

During July 2010, the company received Malaysian government approval to sell its remaining two parcels of land held in Chemor Malaysia, with settlement expected by September 2010. The net sale proceeds from this sale will be applied towards retiring a further \$A400,000 in Bank debt within Malaysia.

Dr Mike Hirshorn, Mr Roy Rose and Mr Brian Andrews resigned as Directors. Mr Bill Mobbs and Mr Sanjay Sehgal were appointed as Directors on 18 August 2010.

Mr Bill Mobbs will act as Interim Managing Director and Chief Executive Officer effective 18 August 2010 following the departure of Mr Brian Andrews.

No other significant events have occurred after the balance date and up to the date of this report that require disclosure.

There has not been any other matter or circumstance in the interval between the end of the year and the date of this report that has materially affected or may materially affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial periods.

## ITL Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

#### 13. SEGMENT REPORTING

##### Business Unit Segments - Continuing Operations

The following table presents the revenue and profit information regarding business unit segments for the years ended 30 June 2010 and 30 June 2009.

Year ended 30 June 2010	Innovative Products Group S'000	Healthcare Australia S'000	Healthcare South East Asia S'000	Corporate & Other S'000	Total S'000
<b>Segment revenue</b>					
Revenue from operating activities					
Sale of Goods & Services	9,114	16,834	14,894		40,842
Gain on foreign currency transactions	230				230
Other Revenue	160				160
Interest Revenue				33	33
	390	-	-	33	423
<b>Total consolidated revenue</b>	9,504	16,834	14,894	33	41,265
<b>Result</b>					
Segment results	(1,976)	(3,739)	(5,891)	#REF!	#REF!
Restructuring Expense	(157)	(34)		(143)	(334)
Losses on sale of surplus land and buildings in Malaysia	(70)				(70)
<b>Earnings Before Interest and Tax</b>	(2,203)	(3,773)	(5,891)	#REF!	#REF!
Interest revenue					33
Interest expense					(745)
Income tax credit					1,658
<b>Total segment results</b>					#REF!'

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**13. SEGMENT REPORTING / continued**

Year ended 30 June 2009	Innovative Products Group \$'000	Healthcare Australia \$'000	Healthcare South East Asia \$'000	Corporate & Other \$'000	Total \$'000
<b>Segment revenue</b>					
Revenue from operating activities					
Sale of Goods & Services	12,039	14,451	17,168		43,657
Gain on foreign currency transactions	-				-
Other Revenue				76	76
Interest Revenue				95	95
	-	-	-	171	171
<b>Total consolidated revenue</b>	12,039	14,451	17,168	171	43,828
<b>Result</b>					
Segment results	2,548	(554)	812	(1,785)	1,021
Impairment of Goodwill		(2,500)	(1,000)		(3,500)
Impairment of Deferred Tax Assets					
Impairment of other assets	(4,545)	(982)	(348)	(68)	(5,943)
Restructuring Expense	(992)	(282)	(282)	(1,098)	(2,654)
					-
<b>Earnings Before Interest and Tax</b>	(2,990)	(4,318)	(818)	(2,951)	(11,076)
Interest revenue					95
Interest expense					(696)
Income tax expense					(186)
<b>Total segment results</b>					(11,863)

**ITL Limited**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**14. PRIOR PERIOD ADJUSTMENT**

A prior period adjustment has been made in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The adjustment was the result of a review of the carrying value of inventories, property plant and equipment, intangible assets, the application of capitalisation and depreciation policies, the estimation of impairment and the measurement and recognition of restructuring expenses in prior periods. It was determined that write downs of the assets under review were as a result of the established policies being incorrectly applied.

<b>CONSOLIDATED</b>				
<b>CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2009</b>				
	Notes	30-Jun-09 Original S'000s	Amendment S'000s	30-Jun-09 Amended S'000s
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	9	2,492	-	2,492
Trade and other receivables	5	7,646	(61)	7,585
Inventories		12,019	(1,350)	10,669
Current tax assets		193	-	193
Other current assets	6	1,048	-	1,048
<b>Total Current Assets</b>		<b>23,399</b>	<b>(1,411)</b>	<b>21,988</b>
<b>Non-current Assets</b>				
Property, plant and equipment		8,814	-	8,814
Product tooling		4,147	(1,534)	2,612
Intangible assets	7	15,703	(3,031)	12,673
Deferred tax assets		2,804	(2,270)	534
<b>Total Non-current Assets</b>		<b>31,468</b>	<b>(6,835)</b>	<b>24,633</b>
<b>TOTAL ASSETS</b>		<b>54,867</b>	<b>(8,246)</b>	<b>46,621</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and other payables		7,781	(173)	7,608
Interest bearing loans and borrowings	10	6,769	2	6,771
Current tax liabilities		-	2	2
Provisions		483	95	578
<b>Total Current Liabilities</b>		<b>15,033</b>	<b>(74)</b>	<b>14,958</b>
<b>Non-current Liabilities</b>				
Interest bearing loans and borrowings	10	4,072	-	4,072
Deferred tax liabilities		-	-	-
Provisions		15	159	174
<b>Total Non-current Liabilities</b>		<b>4,087</b>	<b>159</b>	<b>4,246</b>
<b>TOTAL LIABILITIES</b>		<b>19,120</b>	<b>85</b>	<b>19,205</b>
<b>NET ASSETS</b>		<b>35,747</b>	<b>(8,331)</b>	<b>27,416</b>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**14. PRIOR PERIOD ADJUSTMENT / continued**

**CONSOLIDATED STATEMENTS OF  
FINANCIAL POSITION (continued)  
AS AT 30 JUNE 2010**

	Notes	CONSOLIDATED		
		30-Jun-09 Original S'000s	Amendment S'000s	30-Jun-09 Amended S'000s
<b>EQUITY</b>				
Contributed equity	8	38,957	-	38,957
Foreign currency translation reserve		(1,189)	-	(1,189)
Options reserve		-	50	50
Asset Revaluation Reserve		338	-	338
Retained earnings		(2,359)	(8,381)	(10,740)
				-
<b>TOTAL EQUITY</b>		<b>35,747</b>	<b>(8,331)</b>	<b>27,416</b>

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2009**

	Notes	CONSOLIDATED		
		30-Jun-09 Original S'000s	Amendment S'000s	30-Jun-09 Amended S'000s
Revenue	2 (i)	43,657	-	43,657
Cost of goods sold		(27,902)	(996)	(28,898)
<b>Gross Profit</b>		<b>15,755</b>	<b>(996)</b>	<b>14,759</b>
Other Income	2 (ii)	171	-	171
Salaries and employee benefit expenses		(8,985)	(1)	(8,985)
Depreciation and amortisation expenses	3 (a)	(939)	(954)	(1,893)
Finance costs		(694)	(2)	(696)
Premises & office expenses		(1,490)	(130)	(1,620)
Other expenses from ordinary activities	3 (b)	(3,397)	-	(3,397)
Loss before tax before impairment and restructuring expenses		422	(2,083)	(1,661)
Impairment of assets		(3,336)	(3,500)	(6,836)
Restructuring expenses		(2,654)	(526)	(3,180)
<b>Loss before tax</b>		<b>(5,568)</b>	<b>(6,109)</b>	<b>(11,677)</b>
Income tax benefit		2,086	(2,272)	(186)
<b>Net Loss Attributable to Members of ITL Limited</b>		<b>(3,482)</b>	<b>(8,381)</b>	<b>(11,863)</b>
<b>Other comprehensive (income) expenses</b>				
Currency translation differences		505	-	505
Increase/(Decrease) in asset revaluation reserve		(378)	-	(378)
<b>Other comprehensive (income) expenses for the period, net of tax</b>		<b>127</b>	<b>-</b>	<b>127</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>(3,355)</b>	<b>(8,381)</b>	<b>(11,736)</b>