Innovating Technologies for Life

2013
Annual Report

ITL 2013 ANNUAL REPORT

Contents

Chairman's Message to Shareholders

Following the completion of restructuring programs in previous years, the 2012/13 financial year has been a year of consolidation and development of new growth opportunities. In addition, ITL recommenced the payment of dividends with its first dividend since 2008.

Summarised financial highlights for the year were as follows:

- Group Profit after tax of $2.5m was nearly double the prior year of $1.3m
- ITL paid fully franked interim and final dividends totalling 1.25 cps
- Profit after tax from Continuing Operations of $2.5m (prior year $2.8m)
- Earnings per share from Continuing Operations increases from 2.19 to 2.54 cps
- EBITDA from Continuing Operations of $3.5m (prior year $4.0m)
- Positive operating cash inflow of $4.6m
- Low gearing (11%) with net debt of $1.3m at 30/6/13
- Share price increased 50% from $0.195 at 30/6/12 to $0.30 at 30/6/13

The consolidated full year financial results for the period ended 30 June 2013 were very pleasing with improved margins and manufacturing efficiencies despite pressures on revenue streams. Further details are set out in the Review and Results of Operations in the Directors' Report.

The Group's strong operating cash flow of $4.6m was used to fund the ongoing share buyback. This was an effective means of returning surplus capital to shareholders and enabled the Group to maintain an efficient capital structure.

The Group has recently announced the acquisition for $1.5m of long term leasehold land and an existing modern medical device factory with clean rooms in Perak, Malaysia. ITL's existing manufacturing facilities in Ipoh Malaysia are significantly space constrained and relocation to this new facility will provide a long term solution for ITL's expansion plans for its Innovative Products Group. Approval has been received from Maybank to provide term loan funding for approx. $1.0m with the $0.5m balance of the purchase consideration to be paid in ITL shares.

The recent strength of the US dollar against the Australian dollar will, if sustained, significantly enhance revenue growth in Australian dollar terms for the Innovative Products Group. In addition, new business opportunities, expanded distribution arrangements in the U.S., entry in to new markets and new product development will generate future growth.

Healthcare Australia's new growth opportunities have been slower than expected to come on stream. As a recently approved supplier of custom sterile packs to NSW public hospitals, ITL now has the opportunity to participate in specific NSW public hospital contract tenders as they progressively arise. In addition, Healthcare Australia has been awarded status as sole supplier of intravenous cannula insertion packs for W.A. public hospitals. Successful trials have been undertaken and it is hoped that firm sales orders will emerge in the next few months. To support working capital growth for both these new opportunities, approval has been received from Commonwealth Bank to increase funding facilities.

The Group's employees have worked hard to meet the challenges from uncertain market conditions, improve business efficiencies and now focus on growth of the business.

The Board is very pleased with the excellent progress during the last twelve months. The 2013/14 financial year will be an investment year for ITL with expenditure on the newly acquired Malaysian facility and working capital growth. This will position the Group for enhanced profit growth going forward which in turn will lead to improved returns to shareholders.

William Mobbs
Executive Chairman

Company Profile

History

Over the years ITL has grown from a small privately owned research and development venture into a multi-million dollar, publicly listed company manufacturing and supplying products into the Australian and global healthcare markets.

ITL's growth has been realised through increased sales of the company's core products supplied into the global blood banking market and also through the acquisition of an established operating entity in Australia. The company now has a diverse portfolio of business spreading risk and opportunity across a broad range of products and markets.

Innovative Products Group

ITL's Innovative Products Group (IPG) designs, manufactures, markets and distributes a range of biological safety sampling devices for the human and animal global healthcare markets.
IPG capabilities and expertise include development and commercialization of new patented products from initial concept through to sales. The group is located across three continents to leverage the unique geographical advantages of each area:

- Management and new product development is based in Australia;
- Manufacturing and tool making is based in Malaysia. Our manufacturing facility is TUV accredited, Quality Management System is ISO 13485: 2003 certified and, the Environmental Management System is ISO 14001: 2004 certified. Products include FDA 510K and/or CE mark as necessary.
- Sales and marketing is based in North America where our largest customers and markets are located.

IPG distributes predominantly its own proprietary range of products and has an extensive Intellectual Property portfolio including a healthy pipeline of new patents, trademarks and designs. IPG's customer base includes some of the largest multinational healthcare suppliers in the world.

IPG is focused on providing year on year profit growth and leveraging its extensive and proven product commercialization resources to expand its product range and penetration in the global market.

Healthcare Australia

Healthcare Australia ("HCA") is an Australian healthcare company that provides medical and surgical solutions to suit the individual needs of both public and private hospitals throughout Australia. Our goal is to provide quality innovative products that make healthcare professional's jobs easier whilst still providing best practice efficiencies and cost effectiveness.

HCA has three core product areas; Customised Procedure Packs, Catheter Laboratory kits and Invasive Pressure Monitoring kits which consist of products that have been created in consultation with Australian healthcare practitioners for the Australian market.

HCA's unique point of difference is a state of the art ethylene oxide steriliser and class 8 clean room assembly facility which enables HCA to pursue other potential areas for strong growth including OEM manufacturing of kits.

Corporate Governance Statement

Overview:

The Board of Directors understands, promotes and is responsible for the good governance within the consolidated ITL group of companies.

In accordance with its charter, the Board guides and monitors the business and affairs of ITL on behalf of the Company's members and other stakeholders to whom it is accountable. In doing so, a philosophy and strategy of continuous improvement in governance performance is nurtured.

The Company's website www.itl-limited.com includes a Corporate Governance section which contains ITL's Code of Conduct, the Board Charter and the Audit & Risk Management Committee Charter.

1. Lay solid foundations for management and oversight

The Board is responsible for setting and reviewing the strategic direction of ITL and monitoring the implementation of that strategy by Executive Management, including:

- corporate governance
- promoting ethical and responsible decision making
- monitoring ITL's system of risk management and internal compliance and control
- monitoring legal compliance, safety and occupational health policies and corporate policies
- overseeing the ITL group of companies, including its control and accountability systems
- approving the annual operating budget and monitoring the operating and financial performance of ITL
- approving nominations of Directors to the Board and the appointment of key executives
- appointment and removal of the Chief Executive Officer and the Chief Financial Officer in addition to determining their remuneration
- monitoring the performance of the Chief Executive Officer and the Chief Financial Officer
- developing Board and Executive Management succession planning
- delegation of powers and authorities
- remuneration of auditors and the appointment or removal of auditors
- ensuring a clear relationship between performance and executive remuneration
- ensuring that Directors have a good understanding of the Company's business
- ensuring that the market and shareholders are fully informed of material developments.

Directors receive formal letters of appointment setting out the key terms, conditions and expectations of their appointment.

The Board has established an Audit and Risk Management Committee (see 4. below). The responsibility for the day to day management of the Company has been delegated to the Chief Executive Officer, who is responsible for recommending strategy to the Board and leading the executive management team.

The performance of executives is measured against criteria agreed annually which is based on the forecast growth of ITL's profit and shareholder value. The policy is designed to attract the highest calibre executives and reward them for performance resulting in long term growth in shareholder value.

Senior executives are assessed against key performance indicators as required. Performance evaluation was undertaken for senior executives during the current reporting period in accordance with the Company's senior executives' performance management framework.

Board Meetings:

During the 2012/2013 financial year, the Board met 9 times to review the Company's business activities and business plans. The Board also met with key executives to discuss ITL's key strategies.

2. Structure the Board to add value.

The Board considers that the Directors together have the range of skills, knowledge and experience necessary to enable them to effectively govern the business. The "Information on Directors" section of the Annual Report details the skills, experience and expertise of each Director, along with the period of office held by each individual.

William Mobbs	Executive Chairman	Non-Independent
Sanjay Sehgal	Non-Executive Director Chairman, Audit & Risk Management Committee	Independent
Julian Gosse	Non-Executive Director	Independent

Independence Status of Directors:

The Board considers each Director's independence on a case by case basis.

The Company provides the necessary resources for developing and updating the knowledge and capabilities of its Directors. With the approval of the Chairman, the Directors may seek independent professional advice, at the expense of the Company, on any matter connected with the discharge of their responsibilities. Details for each Director are contained in the Directors' section of the Company's website.

Directors commit to the collective decision making processes of the Board. Each Director must ensure that no decision or action is taken that places their interests before the interests of the business.

The Company is not of sufficient size or complexity to warrant a nominations committee. The Board has a Director Nomination, Selection and Induction Policy, which allows for the Board to include the engagement of a search firm to find a Director with skills that complement those of the existing Board members.

There have been no changes to the Board since 30 June 2013.

The Board is satisfied that the Chairman and each of the non-executive Directors committed sufficient time during the year to the fulfilment of their duties as Directors of the Company. None of the non-executive Directors has any conflict of interest which has not been disclosed to the Board in accordance with ITL's Constitution.

On appointment, individual Directors undergo an induction programme covering, amongst others:

- the business of the Company
- briefings from relevant executives
- opportunities to visit business operations.

3. Promote ethical and responsible decision making

This statement of Corporate Governance, together with the ITL's Code of Conduct, guide the Board and Management as to the practices necessary to maintain confidence in the Company's integrity and ethical practices. The Company has a Securities Dealing Policy which is designed to ensure proper dealing in ITL's securities.

The Board has also formally adopted a Diversity Policy which can be found on ITL's website. This recognises the value contributed to an organisation by employing people with different life experience, work and educational experience, language, gender, nationality, personality profile, age, ethnicity, cultural background and work status. ITL commits to embedding diversity into its corporate culture, selection practices and recruitment, training and development and flexibility in work practices. In particular, the status of ITL's gender diversity and Board objectives are as follows:

Number and Proportion of Women in ITL Workforce	**30 June 2013 Actual**		**Board Objective**
	No.	**%**	**%**
Board	0	0	0-50
Senior Executive	3	33	33-50
Total ITL	**148**	**64**	**50-75**

During the year the Group also submitted a public report to the Workplace Gender Equality Agency details of which can be found via www.wgea.gov.au

4. Safeguard integrity in financial reporting

The Board has established an Audit and Risk Management Committee which:

- consists only of non-executive Directors
- consists of a majority of independent Directors
- is chaired by an independent Chairman who is not the Chairman of the Board.

Because of the small size of the Board, the Committee comprises only two members:

Sanjay Sehgal	Chairman
Julian Gosse	Director

The Audit and Risk Management Committee has a formal operating charter that can be found in the Corporate Governance Section of ITL's website. The Audit and Risk Management Committee meets at least four times each year.

In accordance with the Audit and Risk Management Committee charter, the Committee's responsibilities are to:

- oversee the existence and maintenance of internal controls and accounting systems
- oversee the financial reporting process and financial risk management process
- nominate external auditors
- review the existing external audit arrangements.

The Chief Executive Officer and the Chief Financial Officer annually state in writing to the Board that the Company's financial statements present fairly in all material respects, and that the Company's financial condition and operational results are in accordance with the relevant accounting standards.

5. Make timely and balanced disclosure

The Board aims to ensure that shareholders have equal and timely access to material information concerning the Company. All announcements lodged with the ASX relating to financial results are included on ITL's website as soon as practicable after release to the ASX.

ITL Limited has an established Continuous Disclosure Policy to ensure compliance with ASX Listing Rule disclosure requirements. This includes a consideration at each Board Meeting by all Directors that they have complied with ITL's Continuous Disclosure Policy, together with an ongoing obligation to advise the Company Secretary of any material non-public information arising in between Board Meetings.

The Board encourages full participation of shareholders at the Annual General Meeting. The external auditor attends each Annual General Meeting and shareholders may ask any questions regarding the audit.

A summary of the Company's Continuous Disclosure Policy can be found in the Corporate Governance section of ITL's website.

6. Respect the rights of shareholders

ITL has a Communications Policy which promotes effective communication with shareholders and encourages participation at general meetings. The website's Corporate Governance section includes copies of policies, procedures and charters, which are designed to enable compliance with ASX corporate governance best practices.

ITL Limited makes all ASX announcements relating to financial results available via its website.

Sources of Communication

A. Company Website www.itl-limited.com

ITL's website contains comprehensive information about ITL, including shareholder communications.

B. ASX Announcements

All communications with the ASX are in accordance with the ASX Listing Rules. The Company Secretary is responsible for communications with the ASX.

C. Annual Report

The Annual Report contains key financial information about ITL, as well as important operating and corporate information.

All existing shareholders have the opportunity to be provided with a copy of the Annual Report. Electronic copies of the Annual Report are available via the ITL website.

Shareholders may also receive reports in an electronic format by contacting the Company Secretary.

D. General Meetings

Notices of general meetings and meeting agendas are first released to the ASX and then placed on the ITL website immediately following confirmation of receipt by the ASX. The notice of meeting is distributed to all shareholders prior to the AGM within the timeframe set by the Corporations Act.

The Company provides shareholders with explanatory notes that accompany the Agenda and Notice of Meeting.

ITL understands that not all shareholders are able to attend the meeting. A proxy form, allowing shareholders to appoint a proxy in the event they cannot attend the AGM, accompanies the Notice of Meeting distributed to all shareholders and shareholders have the opportunity to vote online.

All presentations made at the meeting are placed immediately on the Company's website, following confirmation of receipt by the ASX.

Shareholders are encouraged to attend the Company's Annual General Meeting and may ask questions about ITL's governance and business.

The Company's auditor attends the AGM and is available to receive questions regarding the audit provided for under the Corporations Act.

E. Half-Year and Full-Year Results

The financial results for the half-year ended 31 December are reported in February each year. The financial results for the full-year ended 30 June are reported in August each year.

As the Half-Year and Full-Year Results are announced to the ASX pursuant to the Listing Rules, they are made available to shareholders in the same manner as other ASX Announcements (see ASX Announcements above).

7. Recognise and manage risk

The Board is accountable for ensuring that effective risk management and compliance systems are in place to protect the Company's assets, and to ensure that ITL operates within legal and regulatory compliance and within acceptable risk and internal control parameters. ITL's Risk Management Policy can be found in the Corporate Governance section of ITL's website.

The governing principles of the ITL Risk Management Policy are:

- that risk to ITL's facilities, operations and services are proactively managed
- that risk management practices (specified in the risk management standard, AS/NZS ISO 31000:2009 Risk Management Principles and Guidelines) form the basis for ITL's risk management
- that changes to any aspect of ITL's business are assessed for risk.

Risk is managed at multiple levels (corporate, business unit and project). Each risk has a nominated owner responsible for monitoring, treating and reporting on the risk under a specified review schedule.

Business unit heads provide reports on high level risks to the Board. The Company's Audit and Risk Management committee reviews ITL's entire assessment of risk management annually and provides a report to the Board.

Also, in accordance with Recommendation 7.3 of the ASX Principles, the Chief Executive Officer and the Chief Financial Officer make an annual written statement to the Board with respect to risk management and internal controls.

The Risk Management responsibilities have been encompassed in the role of the Audit and Risk Management Committee.

8. Remunerate fairly and responsibly

Due to the small size of the Company and the Board of Directors, ITL does not have a Remuneration Committee. The Remuneration Policy, which sets out the terms and conditions for the Chief Executive Officer and other senior executives, was approved by the Board after seeking professional advice from an independent consultant.

The Board reviews executive packages annually by reference to the Company's performance and executive performance. Comparable information from industry sectors and other listed companies, as well as independent advice, are also taken into account.

The performance of executives is measured against criteria agreed annually which is based on the growth of ITL's profit.

The Board is also committed to ensuring that an appropriate long term incentive program is in place to align senior management to the long term goals of the Company.

The amounts of remuneration for all directors and key management personnel, including all monetary and non-monetary components, are detailed in the notes to the financial statements available for viewing at ITL's website. All remuneration paid to executives is valued at the cost to the Company and expensed.

The payment of short and long term incentives is reviewed by the Board annually as part of the review of executive remuneration. All incentive payments are linked to predetermined performance criteria. The Board can exercise its discretion in relation to approving incentives, bonuses and share based payments.

Directors' Report

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2013.

Directors

The names of directors in office at any time during or since the end of the year are:

Executive director:
Mr William Mobbs Executive Chairman

Non-executive director:
Mr Sanjay Sehgal
Mr Julian Gosse

Principal Activities

The principal activities of ITL during the financial year were:

- Development, manufacture, distribution and sale of innovative medical devices
- Manufacture, distribution and sale of medical procedure packs

There were no significant changes in the nature of ITL's principal activities during the financial year.

Dividends Paid or Recommended

An interim fully franked dividend was paid to members during the financial year of 0.5 cents per share (2012: nil)

Since the end of the financial year the Board has declared a final fully franked dividend of 0.75 cents per share paid 2 September 2013.

Review and Results of Operations

Profit after Tax for the ITL Limited consolidated Group for the year ended 30 June 2013 was $2.5m, which was an 86% improvement on the prior year profit of $1.3m. The latter included a loss of $(1.4)m in relation to the Healthcare SEA business which was sold effective 1/1/2012. This business is reported as a discontinued operation in the Group results for the 2012 financial year.

Profit after Tax from the Continuing Operations of the ITL Limited group was $2.5m which was 11% below the prior year profit of $2.8m.

Earnings per share from Continuing Operations for the year ended 30 June 2013 was 2.54 cents which was a 16% improvement over the prior year outcome of 2.19 cents per share. This reflected the benefit from active capital management with the ongoing share buyback.

Income tax expense was nil (2012:$0.2m) due to the benefit of previously unrecognised prior year tax losses in Australia.

Profit before tax from Continuing Operations at $2.5m was below the prior year result of $3.0m. This reflected lower revenue partly offset by improved gross margins and savings in operating expenses.

Revenue from Continuing Operations was $24.9m (2012:$28.3m). Innovative Products Group revenue decreased 8% (7% in U.S. dollars) to $9.5m due to industry consolidation and reduced demand from the U.S. blood banking market. Healthcare Australia revenue declined 14% to $15.3m due to the completion of major hospital contracts and competitive market place but still managed to significantly increase its profit.

Gross margins increased in both Healthcare Australia and Innovative Products Group due to improved manufacturing efficiencies, lower purchasing costs and nil net inventory write-downs or losses.

Other income for Continuing Operations declined significantly as the previous year included the recharge of some Head Office costs to the Healthcare SEA business which was sold effective 1/1/2012.

Operating expenses decreased by 5% reflecting overhead savings and reduced bonus remuneration, partly offset by higher product support costs and revaluation of some intercompany foreign currency balances.

Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA) from Continuing Operations for the year ended 30 June 2013 was $3.5m (2012: $4.0m). The Directors believe that EBITDA as a non IFRS profit measure is useful to investors as it provides further information on the company's underlying profitability. The reconciliation between Profit before tax and EBITDA compiled from the audited financial statements is as follows:

$'000	2013	2012
Profit before Income Tax from Continuing Operations	2,453	2,983
Add back/(deduct):		
Depreciation and amortisation expense	957	1,024
Interest Expense	93	77
Interest Income	(2)	(42)
EBITDA from Continuing Operations	3,501	4,042

Group Operating Cashflow for the year ended 30 June 2013 was $4.6m (2012: $4.7m) .This reflected the significantly improved Group earnings result together with the benefit from share based remuneration payments. The strong operating cash generation was used to partly fund $6.0m in relation to the ongoing share buyback (2012: $4.1m). This was an effective means of returning surplus capital to shareholders and enabled the Group to maintain an efficient capital structure.

In addition, ITL declared and paid its first dividend since October 2008. An interim dividend of 0.5 cents per share was paid in April 2013 and a final dividend of 0.75 cents per share was paid in September 2013. This brought the total fully franked dividend in respect of the 2012/13 financial year to 1.25 cents per share which approximates a 46% payout of Group profit after tax.

The net debt position was $1.3m at 30 June 2013 compared with the net cash position of $1.0m at 30 June 2012. The Group's gearing measured as net debt as a percentage of net debt plus equity was 11% (30/6/12: nil).

Strategy and Outlook

Subsequent to balance date, the Group has announced the acquisition for $1.5m of long term leasehold land and an existing modern medical device factory with clean rooms in Perak, Malaysia. ITL's existing manufacturing facilities in Ipoh Malaysia are significantly space constrained and relocation to this new facility will provide a long term solution for ITL's expansion plans for its Innovative Products Group. Approval has been received from Maybank to provide term loan funding for approx. $1.0m with the $0.5m balance of the purchase consideration to be paid in ITL shares.

The recent strength of the US dollar against the Australian dollar will, if sustained, significantly enhance revenue growth in Australian dollar terms for the Innovative Products Group. In addition, new business opportunities, expanded distribution arrangements in the U.S., entry in to new markets and new product development will generate future growth.

Healthcare Australia's new growth opportunities have been slower than expected to come on stream. As a recently approved supplier of custom sterile packs to NSW public hospitals, ITL now has the opportunity to participate in specific NSW public hospital contract tenders as they progressively arise. In addition, Healthcare Australia has been awarded status as sole supplier of intravenous cannula insertion packs for W.A. public hospitals. Successful trials have been undertaken and it is hoped that firm sales orders will emerge in the next few months. To support working capital growth for both these new opportunities, approval has been received from Commonwealth Bank to increase funding facilities.

The 2013/14 financial year will be an investment year for ITL with expenditure on the newly acquired Malaysian facility and working capital growth. This will position the Group for enhanced profit growth going forward which in turn will lead to improved returns to shareholders

Significant Changes in State of Affairs

There were no significant changes in the State of Affairs of the group during the financial year.

Events After Balance Date

On 10 July 2013 ITL Limited, through its wholly owned subsidiary ITL Asia Pacific Sdn Bhd, executed an Agreement to acquire long term leasehold land and an existing medical device factory with clean rooms in Perak, Malaysia. This is subject to the usual regulatory approvals. Total purchase consideration is approximately $1.5m which will be settled by a combination of approximately $1.0m cash and 1.4m ITL Limited shares. ITL's existing manufacturing facilities in Ipoh Malaysia are significantly space constrained and this modern facility will provide further space for expansion. Relocation to the new site will occur after proposed modifications and enhancements are completed and, subsequently, the existing leasehold land and buildings will be sold.

On 29 July 2013, ITL Asia Pacific Sdn Bhd received and accepted an offer from Malayan Banking Berhad to increase its existing facilities from RM7.2m ($2.5m) to RM12.2m ($4.2m). These facilities will be used to fund the above property acquisition and support business growth.

On 30 July 2013, ITL Limited announced a further share buyback to an amount not exceeding 10% of its outstanding shares effective from 23 August 2013 to 22 August 2014 unless terminated earlier. This is part of ITL's ongoing capital management program.

On 31 July 2013, ITL Healthcare Pty Ltd received and accepted an offer from Commonwealth Bank of Australia to increase its existing facilities from $1.7m to $2.7m. These facilities will be used to support business growth particularly in the NSW and WA markets.

On 12 August 2013, 2,810,294 ordinary shares were issued to key management personnel under the Executive Share Plan at an issue price of $0.233

On 14 August 2013, ITL Limited declared a fully franked final dividend of 0.75 cents per share with payment made 2 September 2013.

At the close of 16 September 2013, 1,418,082 ordinary shares have been bought back since 30 June 2013 at a cost of $453,786 and cancelled. These shares were all acquired at a price of $0.32. Issued capital at the close of business on 16 September 2013 is 85,995,595 ordinary shares.

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.

Future Developments, Prospects and Business Strategies

The ITL group has two autonomous business units which operate in different geographic regions with different product groupings to take advantage of these markets. Each business unit has been working on a pipeline of opportunities which are expected to lead to growth in the future. ITL believes that it has the infrastructure and resources to support this growth.

Quality and Environment

ITL's quality management systems for its Australian and Malaysian manufacturing facilities are certified to the ISO 13485:2003. In addition the Group's Malaysian manufacturing facility is certified to the Environmental Management System ISO 14001:2004. The consolidated group is subject to the environmental laws of the countries in which they operate.

The management of environmental risks and compliance with environmental laws is regarded as a key issue. The company monitors compliance with existing and new environmental regulations as they come into force.

The directors are not aware of any significant breaches of environmental regulations during the financial year.

Information on Directors

William Mobbs	-	Executive Chairman (appointed 12 October 2010)
Qualifications	-	MBA, BSc, FAICD
Experience and Directorships held in other listed entities	-	Mr Mobbs is a co-founder of the ITL Group and brings over 19 years' experience in the medical and healthcare industry. Mr Mobbs has invented many new concepts for a range of innovative medical products and holds many patents. Mr Mobbs was a board member from 1999 to 2008. He was joint Managing Director to 27 October 2004 then sole Managing Director and Chief Executive Officer until October 2008 before being reappointed Executive Chairman in October 2010. Mr Mobbs is the Chairman of Admin Bandit. He is a director of Connexxion Business Solutions, National Health Sciences Centre, MyHealthtest Pty Ltd and Targeted Genomic Pty Ltd.
Interest in Shares and Options	-	Shares: 30,183,307 (as at 11/9/2013) Options: Nil
Special Responsibilities	-	Executive Chairman

Sanjay Sehgal	-	Non-Executive Director
Experience and Directorships held in other listed entities	-	Sanjay Sehgal is a founder and Managing Partner & CEO of East West Capital Partners, a healthcare-focused private equity firm based out of Singapore, Malaysia, India and London. Prior to EWCP, Sanjay was a Partner and member of the investment committee at Symphony Capital Partners (Asia) (f.k.a Schroder Capital Partners) which managed in excess of US$860 million. Sanjay has served as the elected Hon. Treasurer and Hon. Secretary of the Singapore Venture Capital and Private Equity Association. He is a member of the steering committee of a Danish oncology drug delivery company and Board member of a US stem cell research company. Sanjay also advises several multinational firms on their Asia strategy. Sanjay obtained his B.Tech degree in Electrical Engineering from the Indian Institute of Technology, Bombay and his Master of Science (M.S.) from Columbia University, New York. He received his MBA, with distinction, in finance and multinational management from The Wharton School of the University of Pennsylvania.
Interest in Shares and Options	-	Shares: 4,083,691 (as at 11/9/2013) Options: Nil
Special Responsibilities	-	Chairman of Audit and Risk Management Committee

Julian Gosse	-	Non-Executive Director
Experience and Directorships held in other listed entities	-	Board member since 2003, appointed Chairman 1 January 2005 and resigned as Chairman 12 October 2010. Mr Gosse has extensive experience in banking and broking both in Australia and overseas having worked in London for Rowe and Pitman, in the United States for Janney Montgomery and Scott and in Canada for Wood Gundy. He is a non-executive Director of: Australian Leaders Fund Limited since 2003; WAM Research and Investment Limited since 2003; Clime Capital Limited since 2003; and Iron Road since March 2009.
Interest in Shares and Options	-	Shares: 400,000 (as at 11/9/2013) Options: Nil
Special Responsibilities	-	Member of Audit and Risk Management Committee

Company Secretary

The Company Secretary at the end of the financial year is Mr. Trevor Doolan. Trevor was appointed as Company Secretary on 19 June 2012. Trevor joined ITL in November 2010 and has been an accountant for over 30 years. He is a member of CPA Australia and holds a Certificate in Governance Practice.

Directors' Meetings

During the financial year 9 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit & Risk Management Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
William Mobbs	9	9	0	0
Sanjay Sehgal	9	9	4	4
Julian Gosse	9	9	4	4

Remuneration Report (audited)

This remuneration report for the year ended 30 June 2013 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.
For the purposes of this report, the term "executive" includes the Chief Executive Officer (CEO), executive directors, senior executives, general managers and company secretaries of the Parent and the Group.

Key Management Personnel

Details of key management personnel are set out below.

Directors

William Mobbs	Executive Chairman
Sanjay Sehgal	Director (non executive)
Julian Gosse	Director (non executive)

Executives

David Holden	Chief Financial Officer
Narinder Kanda	General Manager Healthcare Australia
Craig Wilson	General Manager Innovative Products Group
Stephanie Norrell	Vice President Sales & Marketing North America
Trevor Doolan	Company Secretary & Group Financial Controller

There were no changes to Key Management Personnel after the reporting date and before the date the financial report was authorized for issue.

Remuneration Policy

The remuneration policy of ITL Limited has been designed to align executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering short and long-term incentives based on key performance areas affecting the consolidated group's financial results. The board of ITL Limited believes the remuneration policy is appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the consolidated group, as well as create goal congruence between the directors, executives and shareholders.

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

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed and approved by the board after seeking professional advice from independent external consultants.
- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits (where stated), performance incentives and are eligible to participate in the Executive Share Plan.
- The board reviews executive packages annually by reference to the consolidated group's performance, executive performance and comparable information from industry sectors.

The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on growth of profit. All bonuses and incentives are linked to predetermined performance criteria. The board may, however, exercise its discretion in relation to approving incentives, bonuses and share based payments. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre executives and reward them for performance that results in long-term growth in shareholder wealth.

All remuneration paid to directors and executives is valued at the cost to the company and expensed.

The board policy is to remunerate non-executive directors at market rates 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 at the Annual General Meeting. It is currently $300,000 per annum. Non executive directors are paid a base fee annually and fees are not linked to the performance of the consolidated group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company.

To ensure the Board is fully informed when making remuneration decisions, it seeks external remuneration advice. Reward & Recognition Consulting were appointed as independent advisors and made recommendations on the remuneration of KMP. This included market data on KMP remuneration and advice on market trends. Total consideration paid for all these services was $2,800. The Board is satisfied that remuneration recommendations were free from undue influence by any members of the KMP to whom the recommendations related based on the independence of the appointed remuneration consultant. Further, the consultant makes a declaration to the Board that their recommendations are free from any undue influence by the Group's KMP.

Performance Based Remuneration

As part of each executives' remuneration package there is a performance based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between executives with that of the shareholders. The KPIs are set annually, with consultation with executives to ensure buy-in. The measures are specifically tailored to the areas each executive is involved in and has a level of control over. The KPIs target future growth and profitability of the group, covering financial and non-financial as well as short and long-term goals.

Performance in relation to the KPIs is assessed annually by the Board to determine if any executives have qualified for bonuses, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the board in the light of the desired and actual outcomes, and their efficiency is assured in relation to the group's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, ITL Limited bases the assessment on audited figures. In certain exceptional circumstances, the board may take account of other factors impacting on the year's results as well as the extent to which other business objectives have been achieved.

Final bonuses in respect of any year are paid early in the next year following the finalisation of the audited accounts. Bonuses are ultimately dependent on performance of the consolidated group and are at the discretion of the Board. The maximum cash bonuses available to the KMP for the 2013 financial year have been determined at $196k. Where the performance conditions are not met the minimum amount of bonuses may be nil. Bonuses are fully vested in the financial year they pertain to.

Executive management are required to have at least 50% of any performance incentive paid in ITL shares. There have been no other conditions attached to the shares issued for the 2012 and 2013 incentives.

For the year ended 30 June 2013, short term performance based bonuses were awarded to the key management personnel. At this stage a long term incentive plan has not yet been put in place.

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

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

The following table shows the gross revenue, profit, share price and dividends for the prior four years for the listed entity.

	2009	**2010**	**2011**	**2012**	**2013**
Revenue	$43.8m	$40.9m	$40.7m	$30.6m	$24.9m
Profit/(loss) after Tax	($11.9m)	($12.9m)	$0.9m	$1.3m	$2.5m
Profit/(Loss) before Tax	($11.7m)	($14.0m)	$1.2m	$1.6m	$2.5m
Share Price at year-end	$0.075	$0.057	$0.070	$0.195	$0.30
Dividends Paid (per share)	Nil	Nil	Nil	Nil	$0.005

The improvement in 2013 has produced the best result in the last 5 years and this has resulted in the payment of performance based bonuses to key management personnel.

Executive Share Plan

The Executive Share Plan ("ESP") was approved at the 18 November 2011 Annual General Meeting for the three year period to 17 November 2014. The purpose of this plan is to provide eligible employees with an opportunity to share in the growth in the value of ITL shares and to encourage them to contribute to the performance of the Group and the returns to shareholders. In addition, shares may be issued to Directors in lieu of part or all of their annual directors' remuneration. Conditions attached to the issue of shares, if any, are determined at the time of issue by the Board.

On 24 August 2012, 4,766,375 ordinary shares were issued under the ESP at an issue price of $0.16 in settlement of both final bonuses for the 2012 financial year and for payment of 2013 financial year salaries and fees. This price was determined as the volume weighted average market prices of ITL shares during the preceding 12 month period. In line with accounting standard AASB 2 Share-based payments, this share issue is reflected in the accounts at fair value which is the market price of ITL shares of $0.19 on the grant date of 24 August 2012.

There were no further conditions applied to this share issue.

Total expenses arising from share based payments recognised during the period as part of Salaries and Employee Benefits Expense were as follows:

	2013 **$000's**	**2012** **$000's**
Shares issued under ESP	530	501
Shares to be issued under ESP (Share Based Payment Reserve)	222	-
	752	501

Key Management Personnel Remuneration

The remuneration for each director and the key management personnel of the consolidated and parent entities considered key to the operations during the year are listed in the table below:

2013	Short Term Benefits			Post-Employment	Long Term Benefits	Share Based Payment–Shares			Total	Perf. Related %
$	Cash Salaries & fees	Cash Bonus	Non Monetary Benefits	Supera-nuation	Long Service Leave	2011/12 Bonus (b)	2012/13 Salary & Fees (a)	2012/13 Bonus (a)		
Directors										
W Mobbs	-	-	-	-	-	-	150,781	-	150,781	-
S Sehgal	78,000	-	-	-	-	-	-	-	78,000	-
J Gosse	66,000	-	-	-	-	-	-	-	66,000	-
Total Directors	144,000	-	-	-	-	-	150,781	-	294,781	-
Other KMP										
W Mobbs	-	-	-	-	-	9,694	301,563	129,531	440,788	31.6%
D Holden	102,575	-	-	-	-	7,845	32,385	67,257	210,062	35.8%
N Kanda	211,009	-	-	18,991	3,652	9,502	-	19,020	262,174	10.9%
C Wilson	235,000	-	-	-	-	23,100	--	4,275	262,375	10.4%
S Norrell #	211,571	-	9,356	6,305	-	15,563	-	4,275	247,070	8.0%
T Doolan	142,354	-	-	12,812	656	-	-	16,391	172,213	9.5%
Total Other KMP	902,509	-	9,356	38,108	4,308	65,704	333,948	240,749	1,594,682	19.2%
Totals	1,046,509	-	9,356	38,108	4,308	65,704	484,729	240,749	1,889,463	16.2%

(a) Share Based Payments were made under the Executive Share Plan. This Plan was approved at the 18/11/11 AGM which also approved resolutions permitting Directors to elect to receive their remuneration in such shares rather than cash. Under the Plan, the issue price is determined as the volume weighted average price of ITL shares during the previous 12 month period. The remuneration amount included in the Statement of Profit or Loss and in the Remuneration Report is reflected at fair value i.e. the market price of shares on the day of issue. Details of the Salaries & Fees and Bonuses where the relevant KMP has elected to receive share based payments rather than cash payments are as follows:

	$ Cash Foregone	**Shares Issued**	**$ Fair Value**
Salaries & Fees			
W Mobbs (Chairman)	125,000	781,250	150,781
W Mobbs (CE0)	250,000	1,562,500	301,563
D Holden	26,400	138,076	32,385
Total Salaries & Fees	**401,400**	**2,481,826**	**484,729**
Bonuses			
W Mobbs	104,000	446,352	129,531
D Holden	54,000	231,760	67,257
N Kanda	15,550	66,738	19,020
C Wilson	n/a	15,000	4,275
S Norrell	n/a	15,000	4,275
T Doolan	13,400	57,511	16,391
Total Bonuses	**n/a**	**832,361**	**240,749**

(b) Share Based Payments relating to Bonus Payments in respect of the 2011/12 financial year. These amounts represent the difference between the market price and the issue price of shares issued on 24 August 2012 under the Executive Share Plan (see note (a) above) and relate to executives who elected subsequent to 30 June 2012 to receive shares rather than cash for part of their 2011/12 bonus entitlements.

This is the Australian dollar equivalent of payments in foreign currencies based on the average exchange rate for the year.

2012	Short Term Benefits				Post Employment	Long Term Benefits	Share Based Payment– Shares (a)		Total	Perf. Related %
$	Cash Salaries & fees	Cash Bonus	Non Monetary Benefits	Other	Superannuation	Long Service Leave	2011/12 Bonus	2011/12 Salary & Fees		
Directors										
W Mobbs	125,000	-	-	-	-	-	-	24,211	149,211	-
S Sehgal	78,000	-	-	-	-	-	-	-	78,000	-
J Gosse	66,000	-	-	-	-	-	-	-	66,000	-
Total Directors	269,000	-	-	-	-	-	-	24,211	293,211	-
Other KMP										
W Mobbs	187,500	47,000	-	-	-	-	267,299	48,424	550,223	57.1%
D Holden	128,943	24,000	-	-	-	-	139,461	21,131	313,535	52.1%
J McClure (b)	90,000	-	-	-	8,280	(612)	-	-	97,668	-
S Norrell #	236,379	83,000	9,304	-	6,364	-	-	-	335,047	24.8%
F C Kim (c) #	74,839	-	-	18,430	8,981	-	-	-	102,250	-
N Kanda	211,009	54,000	-	-	21,241	10,918	-	-	297,168	18.2%
C Wilson	205,000	112,000	-	-	-	-	-	-	317,000	35.3%
T Doolan (b)	130,000	24,000	-	-	12,420	384	-	-	166,804	14.4%
Total Other KMP	1,263,670	344,000	9,304	18,430	57,286	10,690	406,760	69,555	2,179,695	34.4%
Totals	1,532,670	344,000	9,304	18,430	57,286	10,690	406,760	93,766	2,472,906	30.4%

(a) Share Based Payments were made under the Executive Share Plan. This Plan was approved at the 18/11/11 AGM which also approved resolutions permitting Directors to elect to receive their remuneration in such shares rather than cash. Under the Plan, the issue price is determined as the volume weighted average price of ITL shares during the previous 12 month period. The remuneration amount included in the Statement of Profit or Loss and in the Remuneration Report is reflected at fair value i.e. the market price of shares on the day of issue. Details of the Salaries & Fees and Bonuses where the relevant KMP has elected to receive share based payments rather than cash payments are as follows:

	$ Cash Foregone	Shares Issued	$ Fair Value
Salaries & Fees			
W Mobbs (Chairman)	20,833	144,875	24,211
W Mobbs (CE0)	41,667	289,757	48,424
D Holden	18,182	126,438	21,131
Total Salaries & Fees	**80,682**	**561,070**	**93,766**
Bonuses			
W Mobbs	230,000	1,599,444	267,299
D Holden	120,000	834,492	139,461
Total Bonuses	**350,000**	**2,433,936**	**406,760**

(b) J. McClure resigned as Company Secretary and T. Doolan was appointed Company Secretary effective 19 June 2012.

(c) F.C. Kim was Managing Director of ITL Healthcare SEA Sdn. Bhd. This business was sold effective 1 January 2012 and F.C. Kim ceased to be an employee on that date.

These are Australian dollar equivalents of payments in foreign currencies based on the average exchange rate for the year.

Employment Contracts of Directors and Senior Executives

Remuneration arrangements for some KMP are formalized in employment agreements. Details of these contracts are provided below.

Craig Wilson, General Manager of Innovative Products Group, is employed under a Consultancy Agreement effective 1 July 2012 with his company Cocama Trading Pty Ltd (formerly known as ITL Design and Manufacturing Pty Ltd). The total consultancy fee is $266,016 p.a., plus incentive based on performance. The consultancy fee included a salary to Craig Wilson of $235,000 p.a. and general office expenses of $31,016. Either party may terminate the contract by six months' notice.

Narinder Kanda, General Manager Healthcare Australia, is employed under an ongoing contract effective 1 July 2011. Total fixed remuneration package is $230,000 p.a. plus incentives based on performance. The notice period is three months or in the case of a takeover six months.

David Holden, Chief Financial Officer, is employed part time under an ongoing contract through his company Montague Corporate Services Pty Ltd commencing 2 August 2010. Remuneration is based on a daily rate plus incentives based on performance. The notice period is one month.

Stephanie Norrell, Vice President Sales & Marketing North America, is employed under an ongoing contract effective 28 October 2011. The remuneration package totals US$235,000 and an annual bonus based on performance. Either party may terminate the contract by 6 months' notice.

Indemnifying Directors and Officers

The company has entered into Deeds of Access and Indemnity with all Directors and Officers. The group indemnifies each Director, maintains an insurance policy in favour of Directors and grants access to the records of the company.

During or since the end of the financial year the company has not given or issued any new indemnities.

The company has paid premiums to insure all of the Directors and Officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director or Officer of the company or its subsidiaries, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium was $52,674 for all Directors and Officers.

Proceedings on Behalf of Company

No person has applied for leave to bring proceedings in Court on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Non-Audit Services

The board of directors, in accordance with advice from the Audit and Risk Management Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that any services did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit and Risk Management Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

No non-audit services were provided by the external auditors during the year ended 30 June 2013.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 for the year ended 30 June 2013 has been received and is reproduced immediately following the Directors' Report.

Rounding of Amounts

The company is an entity to which ASIC Class Order 98/100 applies. The company has chosen to round to the nearest thousand dollars.

This report is signed in accordance with a resolution of the Board of Directors.

William Mobbs
Executive Chairman

Dated this 17th day of September 2013

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Auditor's Independence Declaration to the Directors of ITL Limited

In relation to our audit of the financial report of ITL Limited for the financial year ended 30 June 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

James Palmer

James Palmer
Partner
17 September 2013

ITL Limited and Controlled Entities
ABN 16 088 212 088

Consolidated Statement of Profit or Loss
for the year ended 30 June

	Note	30/06/2013 $000's	30/06/2012 $000's
Continuing Operations			
Revenue	**2**	24,885	28,283
Cost of Sales		(13,659)	(16,427)
Gross Profit		11,226	11,856
Other income	**2**	67	412
Salaries and employee benefits expense		(5,747)	(6,533)
Depreciation and amortisation expense	**3**	(321)	(334)
Finance costs	**3**	(93)	(77)
Premises and office expenses		(902)	(882)
Travel and accommodation		(300)	(345)
Business insurance		(256)	(279)
Product registration & IP maintenance		(225)	(106)
Regulatory & QA costs		(127)	(90)
Other expenses from ordinary activities		(869)	(639)
Total Expenses		(8,840)	(9,285)
Profit/(Loss) before income tax expense from continuing operations		2,453	2,983
Income tax benefit/(expense)	**6**	5	(232)
Profit/(Loss) for the year from continuing operations		2,458	**2,751**
Discontinued Operations			
Profit/(Loss) for the year from discontinued operation	**4(b)**	**-**	**(1,428)**
Profit/(Loss) for the Year		**2,458**	**1,323**
Profit/(Loss) attributable to members of the parent		2,458	1,323
Earnings per Share	**9**		
Basic profit/(loss) per share (cents per share)		2.54 cents	1.06 cents
Diluted profit/(loss) per share (cents per share)		2.54 cents	1.06 cents
Earnings per share for continuing operations			
Basic profit/(loss) per share (cents per share)		2.54 cents	2.19 cents
Diluted profit/(loss) per share (cents per share)		2.54 cents	2.19 cents

The accompanying notes form part of these financial statements

Consolidated Statement of Comprehensive Income

for the year ended 30 June

	Note	30/06/2013 $000's	30/06/2012 $000's
Profit/(Loss)		**2,458**	**1,323**
Other Comprehensive Income			
Items that may be reclassified subsequently to Profit or Loss			
Exchange differences on translating foreign operations		524	668
Income tax effect		-	-
		524	668
Items that will not be reclassified subsequently to Profit or Loss			
Fair Value Revaluation of Land & Buildings		-	(355)
Income tax effect		-	-
		-	-
Other comprehensive income for the period, net of tax		524	**313**
Total comprehensive income attributable to members of the parent		**2,982**	**1,636**

The accompanying notes form part of these financial statements

Consolidated Balance Sheet
as at 30 June

	Note	30/06/2013 $000's	30/06/2012 $000's
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	**10**	412	1,007
Trade and other receivables	**11**	3,417	3,560
Inventories	**12**	3,725	4,099
Other current assets	**13**	379	447
TOTAL CURRENT ASSETS		7,933	9,113
NON-CURRENT ASSETS			
Property, plant and equipment	**14**	4,008	4,185
Product tooling and equipment	**15**	1,029	999
Intangible assets	**16**	678	875
Deferred tax assets	**19**	1,395	1,322
TOTAL NON-CURRENT ASSETS		7,110	7,381
TOTAL ASSETS		**15,043**	**16,494**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	**17**	1,491	2,673
Borrowings	**18**	1,450	42
Current tax liabilities	**19**	-	1
Short-term provisions	**20**	681	617
TOTAL CURRENT LIABILITIES		3,622	3,333
NON-CURRENT LIABILITIES			
Borrowings	**18**	250	-
Long-term provisions	**20**	372	354
TOTAL NON-CURRENT LIABILITIES		622	354
TOTAL LIABILITIES		**4,244**	**3,687**
NET ASSETS		**10,799**	**12,807**
EQUITY			
Issued capital	**21**	30,333	35,080
Foreign currency translation reserve	**22**	(980)	(1,504)
Share Payment Reserve	**22**	222	-
Asset revaluation reserve	**22**	448	448
Accumulated losses		(19,224)	(21,217)
TOTAL EQUITY		**10,799**	**12,807**

The accompanying notes form part of these financial statements

ITL Limited and Controlled Entities
ABN 16 088 212 088

Consolidated Statement of Changes in Equity
for the year ended 30 June

	Issued Capital $000's	Share Based Payment Reserve * $000's	Foreign Currency Translation Reserve $000's	Options Reserve $000's	Asset Revaluation Reserve $000's	Accum. Losses $000's	Total $000's
Balance at 1 July 2012	35,080	-	(1,504)	-	448	(21,217)	12,807
Profit for the period	-	-	-	-	-	2,458	2,458
Other comprehensive income	-	-	524	-	-	-	524
Total comprehensive income for the year	-	-	524	-	-	2,458	2,982
Transactions with owners in their capacity as owners:							
Dividend Payment	-	-	-	-	-	(465)	(465)
Asset Revaluation Reserve	-	-	-	-	-	-	-
Share Buy-back	(5,631)	-	-	-	-	-	(5,631)
Transaction Costs	(21)	-	-	-	-	-	(21)
Share based payments	905	222	-	-	-	-	1,127
Balance at 30 June 2013	**30,333**	**222**	**(980)**	**-**	**448**	**(19,224)**	**10,799**
Balance at 1 July 2011	38,957	-	(2,172)	26	898	(22,661)	15,048
Profit for the period	-	-	-	-	-	1,323	1,323
Other comprehensive income	-	-	668	-	(355)	-	313
Total comprehensive income for the year	-	-	668	-	(355)	1,323	1,636
Transactions with owners in their capacity as owners:							
Employee share option reserve	-	-	-	(26)	-	26	-
Asset Revaluation Reserve	-	-	-	-	(95)	95	-
Share Buy-back	(4,403)	-	-	-	-	-	(4,403)
Transaction Costs	(18)	-	-	-	-	-	(18)
Share based payments	544	-	-	-	-	-	544
Balance at 30 June 2012	**35,080**	**-**	**(1,504)**	**-**	**448**	**(21,217)**	**12,807**

* refer to Note 21 (iv)

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows
for the year ended 30 June

	Note	30/06/2013 $000's	30/06/2012 $000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before tax		2,453	1,555
Non-cash items:			
Depreciation & amortisation		957	1,205
Net loss on disposal of assets		24	4
Unrealised (gain)/loss on foreign currency transactions		35	14
Share based payments		1,070	501
Loss on sale of subsidiary		-	979
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:			
Decrease in trade and other receivables		143	1,201
(Increase)/decrease in other current assets		68	(156)
Decrease in Inventories		374	1,391
(Decrease) in trade and other payables		(531)	(1,873)
Increase/(Decrease) in provisions		81	(3)
Income Tax Paid		(104)	(111)
Net cash flow from / (used in) operating activities		4,570	4,707
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for product tooling and development		(141)	(80)
Payment for property, plant and equipment		(179)	(75)
Payment for intangible assets		(67)	(72)
Proceeds from the sale of property, plant and equipment		-	1
Proceeds from disposal of subsidiaries, net of cash disposed	4 (e)	-	(1)
Net cash flow from / (used in) investing activities		(387)	(227)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		1,658	-
Payment for dividends		(465)	-
Payment for Share buyback		(5,983)	(4,090)
Repayments of borrowings		-	(1,842)
Net cash flow from / (used in) financing activities		(4,790)	(5,932)
NET (DECREASE) IN CASH HELD		(607)	(1,452)
Net foreign exchange differences		12	2
Cash at beginning of period	10	1,007	2,457
CASH AT END OF PERIOD	10	412	1,007

The accompanying notes form part of these financial statements

These financial statements cover the consolidated entity consisting of ITL Limited and its subsidiaries ("consolidated Group" or "Group"). ITL Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange. The financial statements are presented in Australian currency.

Note 1: Statement of Significant Accounting Policies

Statement of Compliance

In accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, the financial report complies with Australian Accounting Standards and International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001,* and prepared for the purpose of presenting the consolidated entity as a for-profit entity.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets.

Material accounting policies adopted in the preparation of these financial statements are presented below. These have been consistently applied unless otherwise stated.

<u>Changes in Presentation of Financial Statements</u>

The Consolidated Group has changed the presentation of the following statements:

The Consolidated Statement of Profit or Loss and the Consolidated Statement of Comprehensive Income have been presented separately in accordance with AASB 101 *Presentation of Financial Statements* in order to provide improved presentation for the users of the financial statements. There has been no change to the total amounts disclosed as a result of this.

The company has also elected to change the presentation of the Consolidated Statement of Cash Flows from the direct method to the indirect method as per AASB107 *Statement of Cash Flow*s in order to present more relevant and meaningful information and to align with the internal management reporting format. There has been no change to the total amounts as a result of this.

Where practicable, the restatement of comparatives shows the information that would have been disclosed in the prior reporting period had any adjustments been applied, or any changes in new accounting standards been applied.

(a) Principles of Consolidation

A controlled entity is any entity over which ITL Limited has the power to govern the financial and operating policies 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.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-group 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 consistency with those adopted by the parent entity.

Note 1: Statement of Significant Accounting Policies (Continued)

(a) Principles of Consolidation (Continued)

Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

(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 the profit or loss when the tax relates 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.

Note 1: Statement of Significant Accounting Policies (Continued)

(b) Income Tax (Continued)

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 substantively 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 legally 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 relate 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.

Tax rates and tax laws are base on applicable jurisdictions.

Tax Consolidation

ITL Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the ‘stand-alone taxpayer’ approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity.

The group has previously notified the Australian Taxation Office that it had formed an income tax consolidated group. The tax consolidated group has entered a tax funding arrangement whereby each company in the group contributes to the income tax payable by the group in proportion to their contribution to the group’s taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

(c) Segment Reporting

Information reported to the Group’s chief operating decision maker for the purposes of resource allocation and assessment of segment performance is specifically focussed on the operating businesses. These 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. The Group’s reportable segments under AASB 8 are therefore as follows:

Note 1: Statement of Significant Accounting Policies (Continued)

(c) Segment Reporting (Continued)

Continuing Operations:

Innovative Products Group ("IPG")

ITL's Innovative Products Group (IPG) designs, manufactures, markets and distributes a range of biological safety sampling devices for the human and animal global healthcare markets.

IPG capabilities and expertise include development and commercialization of new patented products from initial concept through to sales. The group is located across three continents to leverage the unique geographical advantages of each area:

- Management and new product development is based in Australia;
- Manufacturing and tool making is based in Malaysia. Our manufacturing facility is TUV accredited, Quality Management System is ISO 13485: 2003 certified and, the Environmental Management System is ISO 14001: 2004 certified. Products include FDA 510K and/or CE mark as necessary; and
- Sales and marketing is based in North America where our largest customers and markets are located.

IPG distributes predominantly its own proprietary range of products and has an extensive intellectual property portfolio including a healthy pipeline of new patents, trademarks and designs. IPG's customer base includes some of the largest multinational healthcare suppliers in the world.

IPG is focused on providing year on year profit growth and leveraging its extensive and proven product commercialization resources to expand its product range and penetration in the global market.

Healthcare Australia ("HCA")

Healthcare Australia is an Australian healthcare company that provides medical and surgical solutions to suit the individual needs of both public and private hospitals throughout Australia. Our goal is to provide quality innovative products that make healthcare professional's jobs easier whilst still providing best practice efficiencies and cost effectiveness.

HCA has three core product areas; Customised Procedure Packs, Catheter Laboratory kits and Invasive Pressure Monitoring kits which consist of products that have been created in consultation with Australian healthcare practitioners for the Australian market.

HCA's unique point of difference is a state of the art ethylene oxide steriliser and class 8 clean room assembly facility which enables HCA to pursue other potential areas for strong growth including OEM manufacturing of kits.

Discontinued Operation:

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.

Note 1: Statement of Significant Accounting Policies (Continued)

(c) Segment Reporting (Continued)

ITL Limited sold 100% of its shares in ITL SEA Sdn Bhd and its wholly owned subsidiaries ITL Healthcare SEA Sdn Bhd and Heal Mediware Sdn Bhd. ITL Limited lost its power to govern the financial and operating policies of this HCSEA group under an agreement on 1 January 2012 and hence has deconsolidated the entity on 1 January 2012.

Corporate and other

The corporate business costs consist of the Board of Directors and head office costs.

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.

Information regarding the Group's reportable segments is presented in note 30.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

(e) 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.

Land and Buildings
Land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity, all other decreases are charged to the statement of comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment (including product tooling)
Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount for 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.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. 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 that 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 statement of comprehensive income during the financial period in which they are incurred.

Note 1: Statement of Significant Accounting Policies (Continued)

(e) Property, Plant and Equipment (Continued)

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, is depreciated on a straight line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Leasehold land (Malaysia only)	1%
Buildings	2%
Furniture & fittings	10 – 33.33%
Leasehold improvements	10 - 20%
Computer & office equipment	10 - 33.33%
Computer software	20 - 33.33%
Product development	5 - 20%
Product tools, production, QA and Lab equipment	10 - 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. 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 statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

(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 entities in the consolidated group, 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. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Note 1: Statement of Significant Accounting Policies (Continued)

(g) Financial Instruments

Initial recognition and measurement
Financial assets and liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit and loss, in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement
Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

a. The amount at which the financial asset or financial liability is measured at initial recognition;
b. Less principal repayments;
c. Plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
d. Less any reduction for impairment.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in the profit or loss.

Impairment
At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired.

Financial Guarantees
Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognized less cumulative amortization.

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 the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

Note 1: Statement of Significant Accounting Policies (Continued)

(g) Financial Instruments (cont'd)

Borrowings
Borrowings are initially recognised at fair value and net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(h) 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 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 statement of comprehensive income.

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.

(i) Intangibles

Goodwill
Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Patents and Trademarks
Patents and Trademarks are recognised at cost of acquisition. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. They are amortised over the lesser of the period in which their benefits are expected to be realised or the residual life of the patent or trademark between 10 to 20 years.

Research and Development
Expenditure during the research phase of a project is recognised as an expense when incurred. Product development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Product development has a finite life and is amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

Note 1: Statement of Significant Accounting Policies (Continued)

(j) Foreign Currency Transactions and Balances

The following foreign exchange rates have been used in the preparation of the consolidated financial statements:

	30-Jun-13	30-Jun-12
Spot rate		
AUD/MYR	2.8826	3.2431
AUD/USD	0.9133	1.0159
Average rate for the year ended 30 June		
AUD/MYR	3.1486	3.1766
AUD/USD	1.0261	1.0319

Functional and presentation currency
The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when the values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

Group Companies
The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

Note 1: Statement of Significant Accounting Policies (Continued)

(k) 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.

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. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Equity-settled compensation

The group operates an equity-settled share-based payment employee share scheme. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Retirement Benefit Obligations

All employees of the group are entitled to benefits from the group's superannuation plan on retirement, disability or death. The defined contribution section receives fixed contributions from group companies and the group's legal or constructive obligation is limited to these contributions. The employees of the parent entity are all members of the defined contribution section of the group's plan.

(l) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(m) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(n) Revenue

Revenue from the sale of goods is recognised upon the dispatch of goods to customers.

Revenue is measured at the fair value of the consideration received. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Revenue is recognised when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the group. Estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement are used when determining whether revenue can be reliably measured.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

Note 1: Statement of Significant Accounting Policies (Continued)

(o) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(p) Goods and Services Tax (GST)

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 included 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.

The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

(q) Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

(r) Comparative figures

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

(s) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(t) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(u) Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year

Note 1: Statement of Significant Accounting Policies (Continued)

(u) Earnings Per Share (Continued)

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and;
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(v) Critical Accounting Estimates and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates estimates and judgments incorporated into the financial statements 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.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(i) Significant accounting judgements

Recovery of deferred tax assets

A deferred tax asset has been recognised for deductible temporary differences and carried forward tax losses related to qualifying R&D expenditure. Management considers that it is probable that future taxable profits will be available to utilise these temporary differences and carried forward tax losses. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the next two years together with future tax planning strategies.

At 30 June 2013 there were unused tax losses of $4,870 thousand for which no deferred tax asset has been recognised. The potential tax benefit of $1,461 thousand has not been recognised given the need to demonstrate ongoing profitability beyond the next 2 years.

Impairment of non-financial assets other than goodwill and indefinite life intangible assets

The group assesses impairment of all assets at each reporting date by evaluating conditions specific to the group ad to the particular asset that may lead to impairment. These include product and manufacturing performance, technology, economic and political environments and future product expectations. Where an impairment trigger exists, the recoverable amount of the asset is determined.

(ii) Significant accounting estimates and assumptions

Impairment of goodwill and intangibles with indefinite useful lives

The group determines whether goodwill and intangibles with indefinite useful lives are impaired at least at each reporting date. This requires an estimation of the recoverable amount of the cash-generating units, using a value-in-use discounted cash flow methodology, to which the goodwill and intangibles with indefinite useful lives are allocated.

Note 1: Statement of Significant Accounting Policies (Continued)

(w) New and Revised Accounting Standards

The Consolidated Group has adopted the following new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period:

AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income*, which became mandatory for the Consolidated Group's 30 June 2013 Financial Statements has been adopted. This has changed the presentation of financial statements but not impacted the financial position or performance of the Group.

New standards and interpretations not yet adopted:

The following standards, which will become mandatory for the Consolidated Group's 30 June 2014 Financial Statements, have not been fully evaluated in terms of their impact on the financial statements but directors believe these standards will not have a material impact to the future Group's financial statements, but may impact disclosure:

AASB 10 *Consolidated Financial Statements* establishes a new control model that applies to all entities.

AASB 11 *Joint Arrangements* uses the principle of control in AASB 10 to define joint control.

AASB 12 *Disclosure of Interest in Other Entities* includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.

AASB 13 *Fair Value Measurement* establishes a single source of guidance for determining the fair value of assets and liabilities and expands the disclosure requirements for all assets and liabilities carried at fair value.

AASB 119 *Employee Benefits* revises the accounting for defined benefit funds and the definition of short term employee benefits.

AASB 1053 *Application of Tiers of Australian Accounting Standards* establishes a differential financial reporting framework consisting of two tiers of reporting requirements.

AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures of offsetting Financial Assets and Financial Liabilities.*

AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* for disclosing entities that are not companies.

AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements* 2009-2011 Cycle sets out a range of amendments.

AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* adds application guidance for AASB 132 Financial Instruments which will become mandatory for the *Consolidated Group's 30 June 2015 Financial Statements*. This has not been fully evaluated in terms of its impact on the Financial Statements but no material impact is anticipated.

AASB 9 *Financial Instruments* includes requirements for the classification and measurement of financial assets. It will become mandatory for the *Consolidated Group's 30 June 2016 Financial Statements*. The Consolidated Group has not yet determined the potential effect of the standard.

	Note	2013 $000's	2012 $000's
Note 2: Revenue and Other Income			
Revenue			
Innovative Products Group (IPG)		9,544	10,352
Healthcare Australia (HCA)		15,341	17,931
Sales Revenue from Continuing Operations		24,885	28,283
Sales Revenue from Discontinued Operation	**4 (b)**	-	2,329
Total Sales Revenue		24,885	30,612
Other Income			
Interest income		2	42
Other		65	370
Other Income from Continuing Operations		67	412
Other Income from Discontinued Operations	**4 (b)**	-	21
Total Other Income		67	433
Total Income		**24,952**	**31,045**

		2013 $000's	2012 $000's
Note 3: Operating Result for the Year			
Expenses – Continuing operations			
Cost of Sales		13,659	16,427
		13,659	**16,427**
Depreciation of non-current assets:			
Land & buildings		27	24
Furniture & fittings		22	32
Computer & office equipment		42	41
Leasehold improvements		210	210
Product tools and equipment		413	471
Total depreciation		714	778
Amortisation of non-current assets:			
- Computer software		106	117
- Product design/development		105	105
- Patents, Trademarks & Licencing		32	24
Total amortisation		243	246
Total Depreciation and Amortisation		957	1,024
Less: Depreciation and Amortisation included in Cost of Sales		(636)	(690)
Depreciation and amortisation expense		**321**	**334**
Finance costs		93	77
Legal fees		53	45
Audit, accounting and taxation services		154	141
Share-based payments expense		752	501
Post-employment benefits expense:			
Total post-employment benefits expenses		453	517
Expensed to cost of goods sold		(157)	(150)
Post-employment benefits expense		**296**	**367**

Note 3: Operating Result for the Year (Continued)

	2013 $000's	2012 $000's
Rental expense on operating leases:		
- minimum lease payments	**495**	**509**

Note 4: Discontinued Operations

(a) Description

ITL Limited sold 100% of its shares in ITL SEA Sdn Bhd and its wholly owned subsidiaries ITL Healthcare SEA Sdn Bhd and Heal Mediware Sdn Bhd. ITL Limited lost its power to govern the financial and operating policies of the above entities under an agreement on 1 January 2012 and hence has deconsolidated the above entities 1 January 2012. Accordingly, this division which had been reported as a separate segment by itself is reported in this financial report as a discontinued operation. The financial impact of this discontinued operation is set out below.

(b) Financial performance

The results of ITL SEA Sdn Bhd and its subsidiaries for the period are presented below:

	Note	30-Jun-13 $'000s	30-Jun-12 $'000s
Revenue	2	-	2,329
Cost of Sales		-	1,237
Gross Profit		-	1,092
Other Income	2	-	21
Expenses		-	(1,424)
Finance Costs		-	(138)
Profit/(Loss) before tax from discontinued operation		-	(449)
Income Tax expense		-	-
Profit/(Loss) after tax from discontinued operation		-	(449)
Loss on Sale of the discontinued operation	4 (e)	-	(299)
Reclassification of prior year foreign currency translation losses from equity*	4 (e)	-	(680)
Profit/(Loss) after tax of discontinued operation		-	(1,428)

* Paragraph 48 of AASB121 "The Effects of Changes in Foreign Exchange Rates" requires that on the disposal of a foreign operation the cumulative amount of the exchange differences relating to that foreign operation shall be reclassified from equity to profit or loss as a reclassification adjustment when the gain or loss on disposal is recognised. The total cumulative amount of the exchange differences that is included in the losses on disposal amounted to $680,000.

(c) Carrying amounts of external assets and liabilities

As ITL Limited sold 100% of its shares in ITL SEA Sdn Bhd and its wholly owned subsidiaries ITL Healthcare SEA Sdn Bhd and Heal Mediware Sdn Bhd effective 1 January 2012 there are no carrying amounts in the balance sheet at balance date for comparative purposes.

(d) Cash Flow Analysis

The net cash inflows/(outflows) incurred are as follows:

Operating activities	-	(669)
Investing activities	-	-
Financing activities	-	(151)
Net cash inflow/(outflow)	-	(820)

4. Discontinued Operations (Continued)

(e) Total Consideration Received

Details of the sale of the division

	Note	30-Jun-13 $'000s	30-Jun-12 $'000s
Cash consideration received		-	1,128
Less Net assets disposed		-	(1,409)
		-	(281)
Incremental costs of disposal		-	(18)
Loss on sale of discontinued operation	4 (b)	-	(299)
Reclassification of prior year foreign currency translation losses from equity	4 (b)	-	(680)
Loss on disposal after tax		-	(979)

Net cash inflow/(outflow) on disposal:

	30-Jun-13	30-Jun-12
Cash consideration received	-	1,128
less cash and cash equivalents disposed of:	-	(1,129)
Reflected in the consolidated statement of cash flows	-	(1)

Based on performance by the discontinued operation during the period 1 January 2012 to 31 December 2012, the "earn out" clause in the sale agreement was not triggered and hence no additional consideration was received.

(f) Earnings per share

	30-Jun-13	30-Jun-12
Basic profit/(loss) per share (cents per share)	-	(1.14)
Diluted profit/(loss) per share (cents per share)	-	(1.14)

(g) Impairment of property, plant and equipment

ITL Healthcare (SEA) Sdn Bhd's land and buildings in Kuala Lumpur, Malaysia, were revalued at 1 January 2012 by PTL Realty. The revaluation decrement of $355 thousand was debited to the Asset Revaluation Reserve. The remaining balance of $95 thousand in asset revaluation reserve was transferred to retained earnings.

Note 5: Key Management Personnel Compensation

(a) Names and positions held of consolidated group and parent entity key management personnel in office at any time during the financial year are:

Key Management Person	**Position**
William Mobbs	Executive Chairman
Sanjay Sehgal	Director – Non-Executive
Julian Gosse	Director – Non-Executive
David Holden	Chief Financial Officer
Narinder Kanda	General Manager, Healthcare Australia
Craig Wilson	General Manager, Innovative Products Group
Stephanie Norrell	Vice President Sales & Marketing North America
Trevor Doolan	Company Secretary & Group Financial Controller

(b) Total remuneration paid to Key Management Personnel (KMP)

Refer to the Remuneration Report in the Directors' Report for remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2013. The totals of remuneration paid to KMP of the Company and the Group during the year are:

	2013 $000's	**2012 $000's**
Short term employee benefits	1,056	1,904
Post-employment benefits	38	57
Long term benefits	4	11
Share Based Payments - Shares	791	501
	1,889	2,473

(c) Options and Rights Holdings

There were no options or rights held by Key Management Personnel during the current and prior periods

Note 5: Key Management Personnel Compensation (Continued)

(d) Shareholdings

Number of Shares held or controlled by Directors and Key Management Personnel:

	Balance 1/7/12	**Received as Compensation**	**Net Change other***	**Balance 30/6/13**
William Mobbs	**28,222,867**	2,901,250	(2,474,000)	**28,650,117**
Sanjay Sehgal	**5,200,461**	-	(1,200,461)	**4,000,000**
Julian Gosse	**900,000**	-	-	**900,000**
David Holden	**1,307,025**	268,469	(1,010,000)	**565,494**
Narinder Kanda	**754,827**	307,906	(459,827)	**602,906**
Craig Wilson	**1,203,542**	770,000	(501,000)	**1,472,542**
Stephanie Norrell	**1,954,000**	518,750	(500,000)	**1,972,750**
Total	**39,542,722**	4,766,375	(6,145,288)	**38,163,809**

	Balance 1/7/11	**Received as Compensation**	**Net Change other***	**Balance 30/6/12**
William Mobbs	26,312,319	2,237,484	(326,936)	**28,222,867**
Sanjay Sehgal	5,200,461	-	-	**5,200,461**
Julian Gosse	1,350,000	-	(450,000)	**900,000**
David Holden	-	1,057,025	250,000	**1,307,025**
Narinder Kanda	892,058	-	(137,231)	**754,827**
Craig Wilson	900,000	-	303,542	**1,203,542**
Stephanie Norrell	1,554,000	-	400,000	**1,954,000**
Dato Foo Chee Kim	4,546,850	-	(4,546,850)	**-**
Total	40,755,688	3,294,509	(4,507,475)	**39,542,722**

* Net change other refers to shares purchased or sold during the financial year.

Note 6: Income Tax (Credit)/Expense

	2013 $000's	2012 $000's
a. The components of tax (benefit)/expense comprise:		
Current tax	906	735
Deferred tax	(913)	(459)
Over provision in respect of prior years	2	(44)
	(5)	232
b. Amounts charged or credited direct to equity		
Tax on other comprehensive income items	-	-
	-	-
c. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
Profit/(Loss) before income tax from continuing operations	2,453	2,983
Profit/(Loss) before income tax from discontinued operations	-	(1,428)
Profit/(Loss) before income tax	2,453	1,555
Prima facie tax payable/(benefit) on profit before income tax at 30% (2012:30%)	736	467
Add:		
Tax effect of:		
- other non-allowable items	-	-
- relinquish tax benefit on discontinued operation	-	357
- share based payments	226	150
- non-deductible entertainment	1	-
- under provision for income tax in prior years	-	-
	963	974
Less:		
Tax effect of:		
- foreign tax rate adjustment	39	12
- other non-allowable items	71	153
- Over provision for income tax in prior years	2	44
- Utilisation of previously unrecognised tax losses	856	533
- Deferred tax asset not recognised	-	-
Income tax (benefit)/expense	**(5)**	**232**
Aggregate income tax (benefit)/expense is attributable to:		
Continuing operations	(5)	232
Discontinued operation	-	-
	(5)	**232**
The applicable weighted average effective tax rates are as follows:	*(0.2%)*	*14.9%*

Note 6: Income Tax (Credit)/Expense (Continued)

The consolidated group operates in a multi-jurisdictional tax environment which makes meaningful comparison of weighted average effective tax rates difficult.

	2013 $000's	**2012 $000's**
c. Unused tax losses for which no deferred tax asset has been recognised:	4,870	7,726
Potential tax benefit @ 30%	**1,461**	**2,318**

Note 7: Auditors' Remuneration

	2013 $000's	**2012 $000's**
Amounts received or due and receivable by Ernst & Young for:		
An audit or review of the financial report of the entity and any other entity in the consolidated group	104	92
Amounts received or due and receivable by non Ernst & Young audit firms for:		
An audit or review of the financial report of the entity and any other entity in the consolidated group	-	17
	104	109

	2013 $000's	2012 $000's

Note 8: Dividends paid and proposed

Declared and paid during the year:

	2013 $000's	2012 $000's
Dividends on ordinary shares:		
Interim fully ranked dividend for 2013 (2012:nil)	465	-
Dividends paid	**465**	**-**
Declared after the year end:		
Final fully franked dividend for 2013 (2012:nil)	659	-
Final dividend for 2013 (2012:nil)	**659**	**-**
Balance of franking account at year end	917	1,116
Franking debits that will arise from the payments of dividends as at the end of the financial year	(283)	-
	634	1,116

Note 9: Earnings Per Share

The following reflects the earnings per share data used in the calculation of basic and diluted earnings per share (EPS) computations.

	2013 $000's	2012 $000's
EPS is calculated based on:		
Profit/(Loss) for the year from continuing operations	2,458	2,751
Profit/(Loss) for the year from discontinued operations	-	(1,428)
Profit for the year	2,458	1,323
	000's	**000's**
Weighted average number of ordinary shares used in the calculation of basic EPS	96,936	125,392
Weighted average number of options outstanding	-	-
Weighted average number of ordinary shares used in the calculation of dilutive EPS	96,936	125,392

Note 10: Cash and Cash Equivalents

	2013 $000's	2012 $000's
Cash on hand	2	2
Cash at bank	410	1,005
	412	**1,007**

The effective interest rate on short-term bank deposits was 0.07% (2012: 0.03%); these deposits are at call.

Note 11: Trade and other receivables

	2013 $000's	2012 $000's
Current		
Trade receivables	3,208	3,498
Allowance for impairment loss	(1)	-
Other receivables	209	59
Accrued revenue	1	3
	3,417	**3,560**

Credit Risk – Trade and other receivables

The group has no significant concentration of credit risk with respect to any single counter party or group of counter parties. The class of assets described as Trade and other receivables is considered to be the main source of credit risk related to the group.

The following table details the group's trade and other receivables exposed to credit risk with ageing analysis and impairment provided thereon. Amounts are considered 'past due' when the debt has not been settled, with the terms and conditions agreed between the group and the counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the group.

Neither the group nor the parent entity holds any trade or other receivables with terms that have been renegotiated, but which would have otherwise been past due or impaired.

	2013 $000's	2012 $000's
Trade Receivables Ageing Analysis		
Current	2,252	2,795
1 to 30 days	699	565
31 to 60 days	184	84
61 to 90 days	50	27
91 to 120 days	12	22
Over 120 days	11	5
Provisions for impairment	(1)	-
	3,207	**3,498**
Balances that are past due but not impaired	955	703

On a geographical basis the group has credit risk exposures in Australia, United States, United Kingdom and Puerto Rico arising from significant sales operations in each of the regions. The group's exposure to credit risk in those regions at the reporting date is as follows (expressed in Australian dollar equivalents): -

Australia	1,594	2,076
USA	635	662
United Kingdom	433	435
Puerto Rico	335	142
Other	210	183
	3,207	**3,498**

Note 11: Trade and Other Receivables (Continued)

Provision for impairment of receivables

Current trade receivables are non-interest bearing and generally on 30 day terms. A provision for impairment is recognised when there is objective evidence that an individual receivable is impaired. Financial difficulties of the debtor, payment defaults or the commencement of debt recovery litigation have been considered to determine our impairment provision. These amounts have been included in the other expenses as an expense.

Movement in the provision for impairment of the receivable is as follows:

	2013 $000's	**2012 $000's**
Balance at 1 July	-	242
Increase/(Decrease) in provisions	1	-
Translation adjustment	-	-
Recovery of amounts previously provided	-	-
Amounts written off	-	(18)
Discontinued Operation	-	(224)
Balance at 30 June	**1**	**-**

It is expected that all amounts that are past due will be received in full where an impairment provision has not been made against the balance.

Note 12: Inventories

	2013 $000's	**2012 $000's**
Current		
At cost		
Raw materials and stores	1,858	1,638
Work in progress	178	155
Finished goods	1,689	2,306
	3,725	**4,099**

Note 13: Other current assets

Deposits to suppliers	35	96
Prepayments	344	351
	379	**447**

Note 14: Property, Plant and Equipment

	2013 $000's	2012 $000's
Land and buildings		
Land and buildings at valuation	1,235	1,098
Less: accumulated depreciation	(54)	(25)
Total land and buildings at valuation	**1,181**	**1,073**
Total land and buildings	**1,181**	**1,073**
Plant and equipment		
Furniture & fittings at cost	403	359
Less : accumulated depreciation	(328)	(283)
Total furniture & fittings	**75**	**76**
Computer & office equipment at cost	722	600
Less : accumulated depreciation	(586)	(531)
Total computer & office equipment	**136**	**69**
Leasehold improvements at cost	4,942	4,891
Less : accumulated depreciation	(2,326)	(1,924)
Total leasehold improvements	**2,616**	**2,967**
Total plant and equipment	2,827	3,112
Total property, plant and equipment	**4,008**	**4,185**

Note 14: Property, Plant and Equipment (Continued)

(a) Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

2013	Balance at the beginning of year $000's	Additions $000's	Revaluation increment / (decrement) $000's	Translation Adjustments $000's	Deprec. expense $000's	Disposals $000's	Balance at the end of year $000's
Land & buildings	1,073	-	-	132	(24)	-	**1,181**
Furniture & Fittings	76	15	-	7	(22)	(1)	**75**
Computer & office Equipment	69	104	-	5	(42)	-	**136**
Leasehold Improvements	2,967	60	-	1	(412)	-	**2,616**
Total	4,185	179	-	145	(500)	(1)	**4,008**

2012	Balance at the beginning of year $000's	Additions $000's	Revaluation increment / (decrement) $000's	Trans-lation Adjust-ments $000's	Deprec. expense $000's	Discont. Operations $000's	Disposals $000's	Balance at the end of year $000's
Leasehold Land	589	-	(140)	1	(3)	(447)	-	-
Land & buildings	1,867	-	(180)	(6)	(30)	(578)	-	**1,073**
Furniture & Fittings	115	-	-	-	(34)	(5)	-	**76**
Computer & office Equipment	146	43	-	-	(55)	(63)	(2)	**69**
Leasehold Improvements	3,424	32	(35)	-	(422)	(32)	-	**2,967**
Motor Vehicle	3	-	-	-	(3)	-	-	-
Total	6,144	75	(355)	(5)	(547)	(1,125)	(2)	**4,185**

(b) Impairment losses

ITL Healthcare (SEA) Sdn Bhd's land and buildings in Kuala Lumpur, Malaysia, were revalued at 1 January 2012 by PTL Realty. The revaluation decrement of $355 thousand was debited to the Asset Revaluation Reserve. The remaining balance of $95 thousand in asset revaluation reserve was transferred to retained earnings in the 2011-12 financial year.

Note 15: Product Tooling and Equipment

	2013 $000's	2012 $000's
Product tools :		
At cost	3,667	3,163
Less : accumulated depreciation	(2,661)	(2,179)
Total product tools	**1,006**	**984**
Production, QA, lab equipment :		
At cost	127	109
Less : accumulated depreciation	(104)	(94)
Total production, QA and lab equipment	**23**	**15**
Total product tooling and equipment	**1,029**	**999**

Movements in carrying amounts

Movement in the carrying amounts for each class of product tooling, development and production between the beginning and the end of the current financial year:

2013	Balance at the beginning of year $000's	Additions $000's	Translation Adjustments $000's	Depreciation /amortisation Expense $000's	Disposals $000's	Balance at the end of year $000's
Product tools	984	130	102	(210)	-	**1,006**
Production, QA and lab	15	11	1	(4)	-	**23**
Total	999	141	103	(214)	-	**1,029**

2012	Balance at the beginning of year $000's	Additions $000's	Trans-lation Adjust-ments $000's	Depreciation /amortisation Expense $000's	Discont. Operation $000's	Disposals $000's	Balance at the end of year $000's
Product tools	1,209	80	(3)	(277)	(22)	(3)	**984**
Production, QA and lab	23	-	-	(8)	-	-	**15**
Total	1,232	80	(3)	(285)	(22)	(3)	**999**

Note 16: Intangible Assets

	2013 $000's	2012 $000's
Business development software at cost	1,262	1,208
Less: accumulated amortisation	(1.033)	(904)
	229	**304**
Patents, trademarks and licenses at cost	1,530	1,522
Less: accumulated amortisation	(1,292)	(1,267)
	238	**255**
Product development at cost	764	764
Less: accumulated amortisation	(553)	(448)
	211	**316**
	678	**875**

Intangible assets, other than goodwill, have a finite life. The current charges for intangible assets are included under depreciation and amortisation expense per the statement of comprehensive income.

Business development software owned by the Parent Entity is held as security under a hire purchase lease arrangement (see note 18).

Movements in carrying amounts

Movement in the carrying amounts for each class of intangible assets between the beginning and the end of the current financial year:

2013	Balance at the beginning of year $000's	Additions $000's	Foreign exchange gain/(loss) $000's	Amortisation Expense $000's	Disposals $000's	Balance at the end of year $000's
Product development	316	-	-	(105)	-	**211**
Business development software	304	35	2	(106)	(6)	**229**
Patents, trademarks and licenses	255	32	-	(32)	(17)	**238**
Total	875	67	2	(243)	(23)	**678**

2012	Balance at the beginning of year $000's	Additions $000's	Foreign exchange gain/(loss) $000's	Amortisation Expense $000's	Discont. Operation $000's	Disposals $000's	Balance at the end of year $000's
Product development	421	-	-	(105)	-	-	**316**
Business development software	428	10	-	(120)	(13)	(1)	**304**
Patents, trademarks and licenses	342	62	2	(151)	-	-	**255**
Total	1,191	72	2	(376)	(13)	(1)	**875**

Note 17: Trade and Other Payables

	2013 $000's	2012 $000's
Current		
Unsecured liabilities		
Trade payables	728	1,423
Sundry payables and accrued expenses	763	1,250
	1,491	**2,673**

Note 18: Borrowings

	2013 $000's	2012 $000's
Current		
Secured liabilities		
Bankers Acceptances	1,171	-
Bank loans	108	10
Hire purchase liability (refer note 23 (a))	-	32
Non-bank finance - insurance	171	-
	1,450	**42**
Non Current		
Secured liabilities		
Bank loans	250	-
	250	**-**
Bank overdraft	-	-
Bankers acceptances	1,171	-
Bank loans	358	10
Hire purchase liability (refer note 23 (a))	-	32
Non-bank finance - insurance	171	-
	1,700	**42**

The carrying amounts of assets pledged as security are:

	2013 $000's	2012 $000's
First mortgage		
Land and buildings	1,181	1,073
Hire purchase assets (net liability)	-	227
Other assets pledged as security	13,862	15,194
Total assets pledged as security	15,043	16,494

ITL Asia Pacific Sdn Bhd has bank overdraft, bankers acceptances and other finance facilities including a bank guarantee equivalent to $55,504 provided to a third party. These facilities are secured by registered 1st to 3rd legal charge over 4 units one and a half storey detached factories of the subsidiary, 1st to 9th debenture charge over both current & future fixed and floating assets of the overseas subsidiary and a parent entity corporate guarantee.

ITL Healthcare Pty Ltd has overdraft, term loan and other finance facilities from Commonwealth Bank of Australia. In addition there is a bank guarantee of $185,000 that has been provided to a third party. These facilities are secured by cross guarantees and debenture charges from ITL Limited, ITL Corporation Pty Ltd and ITL Healthcare Pty Ltd.

ITL Limited's hire purchase assets were secured by the business development software.

	2013 $000's	2012 $000's
Note 19: Tax		
Assets / (Liabilities)		
Current		
Income tax receivable	**-**	**-**
Income tax payable	**-**	**(1)**

Non-Current	Opening Balance $000's	Charged to Income $000's	Charged to Equity $000's	Exchange Differences $000's	Closing Balance $000's
Deferred Tax Asset					
Property, Plant & Equipment	905	(148)	-	-	757
Future income tax benefits attributable to tax losses	-	-	-	-	-
Other	417	221	-	-	638
Balance at 30 June 2013	1,322	73	-	-	**1,395**
Property, Plant & Equipment	1,223	(318)	-	-	905
Future income tax benefits attributable to tax losses	53	(53)	-	-	-
Other	186	231	-	-	417
Balance at 30 June 2012	1,462	(140)	-	-	**1,322**

	2013 $000's	2012 $000's
Note 20: Provisions		
Short-term		
Employee benefits	**681**	**617**
Long-term		
Employee benefits	58	49
Make good provision	314	305
	372	**354**

Movement in the make good provision is as follows: -

	2013 $000's	2012 $000's
Balance at 1 July	305	342
Unwinding of provision	-	(47)
Discount rate adjustment	(1)	(16)
Increase in provisions	10	26
Balance at 30 June	**314**	**305**

Provision for long-term employee benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

Note 21: Issued Capital

	2013 $000's	2012 $000's
a. Ordinary shares		
At beginning of reporting period	35,080	38,957
Share Buy back (i)	(5,631)	(4,403)
Transaction costs net of tax (ii)	(21)	(18)
Shares issued during the period (share based payments) (iii)	905	544
	30,333	**35,080**

	No. 000's	No. 000's
At beginning of reporting period	107,331	131,645
Share Buy back (i)	(25,500)	(27,609)
Shares issued during the period (share based payments) (iii)	4,766	3,295
	86,597	**107,331**

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on show of hands.

		30-Jun-13	30-Jun-12
(i)	Buy back average price	$0.221	$0.159
	Buy back price range	$0.180-$0.300	$0.110-$0.200
	Total cost of buy back $'000s	5,631	4,403

(ii) The transaction costs represent brokerage costs associated with the buy back.

(iii) The Executive Share Plan ("ESP") was approved at the 18 November 2011 Annual General Meeting for the three year period to 17 November 2014. Under the ESP, shares may be issued to Executives and Directors in lieu of part or all of their annual remuneration including bonuses. The issue price is determined as the volume weighted average of ITL prices during the 12 month period preceding the issue date. Under the ESP there were two issues to key management personnel. These were recorded in the accounts at fair value which is the market price of ITL shares on the day of the issue. Details are as follows:

	30-Jun-13	30-Jun-12
• 6/6/2012 - issue price	-	$0.1438
- fair value	-	$0.1650
• 24/8/2012 - issue price	$0.1600	-
- fair value	$0.1900	-

(iv) The 2012/13 executive bonus scheme included a mandatory condition that at least 50% of incentives for certain executives were to be taken as shares, issued in accordance with the Executive Share Plan, instead of cash, with the executives to elect whether they wished to take a higher level than the 50% minimum. A Share Based Payment Reserve has been created at 30 June 2013 to reflect the future issue of shares based on the elections made at 30 June 2013. This was recorded in the accounts using a fair value of $0.31.

b. Capital Management

Management control the capital of the group in order to maintain a sound debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

Note 21: Issued Capital (Continued)

The group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manage the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

Taking into account available funding, projected cash flows and capital requirements, the Board obtained shareholder approval for and implemented an on-market share buyback. The Board considers that this is an effective means of returning any surplus capital to shareholders and will enable the company to maintain an efficient capital structure.

The gearing ratios for the year ended 30 June are as follows:

	Note	2013 $000's	2012 $000's
Total borrowings	18	1,700	42
Less cash and cash equivalents	10	(412)	(1,007)
Net debt/ (cash)		1,288	(965)
Total equity		10,799	12,807
Total Net Debt and Equity		12,087	11,842
Gearing ratio		11%	Nil

Note 22: Reserves

	Note	2013 $000's	2012 $000's
(a) Foreign Currency Translation Reserve			
At beginning of year		(1,504)	(2,172)
Foreign Currency translation differences		524	(12)
Discontinued operation		-	680
		(980)	(1,504)
(b) Asset Revaluation Reserve			
At beginning of year		448	898
Fair value revaluation of land and buildings		-	(355)
Transfer to Retained Earnings		-	(95)
		448	448
(c) Options Reserve			
At beginning of year		-	26
Cancellation of options		-	-
Transfer to retained earnings		-	(26)
		-	-
(d) Share based Payments Reserve			
At beginning of year		-	-
Share based payment recognised		222	-
Transfer to retained earnings		-	-
		222	-

Note 22: Reserves (Continued)

Nature and purpose of reserves

(a) Foreign Currency Translation Reserve
The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

(b) Asset Revaluation Reserve
The asset revaluation reserve records revaluations of non-current assets.

(c) Option Reserve
The option reserve records the value of share based payments expensed in accordance with vesting conditions and AASB 2.

(d) Share Based Payment Reserve
The share based payment reserve records the value of share based payments for future share issues.

Note 23: Capital and Leasing Commitments	**2013 $000's**	**2012 $000's**
(a) Hire purchase payables		
Payable		
- not later than 1 year	-	33
- later than 1 year but not later than 5 years	-	-
- later than 5 years	-	-
Minimum hire purchase payments	-	33
Less future finance charges	-	1
Total hire purchase liability (Note 18)	-	32
(b) Property rent and lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable		
- not later than 1 year	578	494
- later than 1 year but not later than 5 years	1,327	1,681
- later than 5 years	-	-
	1,905	2,175
Property rent and lease commitments are non-cancellable and relate to office premises in Australia and USA. The Australian property's lease operates until 30 September 2016.		
(c) Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable		
- not later than 1 year	17	14
- later than 1 year but not later than 5 years	46	45
- later than 5 years	-	-
	63	59
Operating lease relates to office equipment; the terms are due to run out within the next one to 4 years.		
(d) Capital commitments	-	69
Plant & Equipment	-	69

Note 24: Cash Flow Information

	2013 $000's	2012 $000's
(a) Credit Standby Arrangements with Banks		
Credit facility	1,254	1,179
Amount utilised	-	-
	1,254	1,179

The major facilities are summarised as follows:

The bank overdraft facilities are arranged with two banks with the general terms and conditions being set and agreed to annually. Interest rates are variable and subject to adjustment.

(b) Term Loans & HP

	2013 $000's	2012 $000's
Loan facility	1,176	1,657
Amount utilised	(358)	(42)
	818	1,615

The major facilities are summarised as follows:

The bank loan facilities are arranged with a number of banks with the general terms and conditions being set and agreed to annually. Interest rates are variable and subject to adjustment.

(c) Bankers Acceptances

	2013 $000's	2012 $000's
Credit Facility	1,332	1,187
Amount utilised	(1,171)	-
	161	1,187

Bankers Acceptance facilities arranged with a Malaysian bank and are subject to specific terms for use. Rates are variable and subject to adjustment.

(d) Non-bank finance

	2013 $000's	2012 $000's
Credit Facility	171	-
Amount utilised	(171)	-
	-	-

The non-bank financing of the Group's insurance policies is arranged with a specialist insurance funding institution with general terms and conditions set and agreed annually. Rates are fixed.

Note 25: Contingent Liabilities and Contingent Assets

There were no contingent assets or liabilities as at the date of this report.

For information on bank guarantees given by ITL Limited and its controlled entities, refer to Note 18: Borrowings.

Note 26: Controlled Entities

(a) Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%) 2013	Percentage Owned (%) 2012
Ultimate Parent Entity			
ITL Limited	Australia	-	-
Subsidiaries of ITL Limited:			
ITL Corporation Pty Limited	Australia	100%	100%
Noble House Group Pty Limited	Australia	100%	100%
ITL North America Inc	USA	100%	100%
ITL Europe Limited (c)	UK	0%	100%
ITL Asia Pacific Sdn Bhd	Malaysia	100%	100%
ITL HealthCare Pty Limited	Australia	100%	100%
Subsidiaries of ITL HealthCare Pty Limited:			
Surgicare Pty Limited	Australia	100%	100%

(b) Controlled Entities Acquired - Nil

(c) Controlled Entities Disposed - ITL Europe Limited was dissolved as of 9 October 2012.

(d) Entities subject to class order relief

Pursuant to Class Order 98/1418, relief has been granted to ITL Healthcare Pty Limited, ITL Corporation Pty Limited, Surgicare Pty Limited and Noble House Group Pty Limited from the *Corporations Act 2001* requirements for the preparation, audit and lodgement of their financial records.

As a condition of the Class Order, ITL Limited, ITL Healthcare Pty Limited, ITL Corporation Pty Limited, Surgicare Pty Limited and Noble House Group Pty Limited (the “Closed Group”) have entered into a Deed of Cross Guarantee on 17 November 2004. The effect of the deed is that ITL Limited has guaranteed to pay any deficiency in the event of winding up of a controlled entity or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The controlled entities have also given a similar guarantee in the event that ITL Limited is wound up or does not meet its obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee.

The consolidated income statement and balance sheet of the entities that are members of the Closed Group are as follows:

Consolidated Income Statement	**Closed Group**	
	2013 $’000	**2012 $’000**
Profit before income tax	3,531	1,429
Income tax benefit/ (expense)	113	67
Profit after tax	3,644	1,496
Accumulated losses at beginning of the period	(23,163)	(24,685)
Transfer balance of share option reserve	-	26
Dividends Paid	(465)	-
Accumulated losses at the end of the period	(19,984)	(23,163)

Note 26: Controlled Entities (Continued)

(d) Entities subject to class order relief (Continued)

Consolidated Balance Sheet	**Closed Group**	
	2013	**2012**
	$'000	**$'000**
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	260	904
Trade and other receivables	3,376	3,535
Inventories	2,728	3,356
Other current assets	267	295
TOTAL CURRENT ASSETS	6,631	8,090
NON-CURRENT ASSETS		
Property, plant and equipment	2,625	2,979
Product tooling and equipment	16	14
Intangible assets	656	855
Investments	4,770	4,770
Deferred tax assets	1,621	1,508
TOTAL NON-CURRENT ASSETS	9,688	10,126
TOTAL ASSETS	**16,319**	**18,216**
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	1,106	2,119
Borrowings	279	42
Intercompany Payables	2,593	2,660
Intercompany Loans	226	260
Short-term provisions	604	546
TOTAL CURRENT LIABILITIES	4,808	5,627
NON-CURRENT LIABILITIES		
Borrowings	250	-
Long-term provisions	372	354
TOTAL NON-CURRENT LIABILITIES	622	354
TOTAL LIABILITIES	**5,430**	**5,981**
NET ASSETS	**10,889**	**12,235**
EQUITY		
Issued capital	30,333	35,080
Share Payments Reserve	222	-
Asset revaluation reserve	318	318
Accumulated losses	(19,984)	(23,163)
TOTAL EQUITY	**10,889**	**12,235**

Note 27: Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

(i) Ultimate Parent Company
Nil

(ii) Entities within wholly owned group
Nil

(iii) Directors
Details related to Director's remuneration are included in the Directors' Report

(iv) Share Transactions of Directors
Directors' and Director – related entities' share holdings directly, indirectly or beneficially held as at the reporting date are disclosed in Note 5 and the Directors' Report

(v) Key Management Personnel
Disclosures related to KMP are set out in Note 5

Note 28: Events After Balance Date

On 10 July 2013 ITL Limited, through its wholly owned subsidiary ITL Asia Pacific Sdn Bhd, executed an Agreement to acquire long term leasehold land and an existing medical device factory with clean rooms in Perak, Malaysia. This is subject to the usual regulatory approvals. Total purchase consideration is approximately $1.5m which will be settled by a combination of approximately $1.0m cash and 1.4m ITL Limited shares. ITL's existing manufacturing facilities in Ipoh Malaysia are significantly space constrained and this modern facility will provide further space for expansion. Relocation to the new site will occur after proposed modifications and enhancements are completed and, subsequently, the existing leasehold land and buildings will be sold.

On 29 July 2013, ITL Asia Pacific Sdn Bhd received and accepted an offer from Malayan Banking Berhad to increase its existing facilities from RM7.2m ($2.5m) to RM12.2m ($4.2m). These facilities will be used to fund the above property acquisition and support business growth.

On 30 July 2013, ITL Limited announced a further share buyback to an amount not exceeding 10% of its outstanding shares effective from 23 August 2013 to 22 August 2014 unless terminated earlier. This is part of ITL's ongoing capital management program.

On 31 July 2013, ITL Healthcare Pty Ltd received and accepted an offer from Commonwealth Bank of Australia to increase its existing facilities from $1.7m to $2.7m. These facilities will be used to support business growth particularly in the NSW and WA markets.

On 12 August 2013, 2,810,294 ordinary shares were issued to key management personnel under the Executive Share Plan at an issue price of $0.233

On 14 August 2013, ITL Limited declared a fully franked final dividend of 0.75 cents per share with payment made 2 September 2013.

At the close of 16 September 2013, 1,418,082 ordinary shares have been bought back since 30 June 2013 at a cost of $453,786 and cancelled. These shares were all acquired at a price of $0.32. Issued capital at the close of business on 16 September 2013 is 85,995,595 ordinary shares.

Note 28: Events After Balance Date (Continued)

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.

Note 29: Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, hire purchase agreements and leases.

Financial Risk Management Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group businesses whilst managing its interest rate, foreign exchange, liquidity and credit risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group policy is not to engage in speculative transactions.

Treasury Risk Management

Head office management review currency and interest rate exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

Specific Financial Risk Exposures and Management

The main risks the group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk.

(a) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

Interest rate risk is managed with a mixture of fixed and floating rate debt. At 30 June 2013 approximately 10% (2012: 76%) of the Group's debt of $1,700k (2012: $42k) was fixed rate. The Board reviews the mix of fixed and floating rate debt to ensure that a suitable balance is maintained commensurate with business needs.

	Average Effective Interest rate		**Total Borrowings**	
	2013	**2012**	**2013 $000's**	**2012 $000's**
Floating rate instruments	5.42%	8.64%	1,529	10
Fixed rate instruments	9.89%	7.26%	171	32
			1,700	42

(b) Foreign currency risk

The group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the group's measurement currency. The group is also exposed to foreign currency risks through holding financial assets and financial liabilities in foreign currencies in its subsidiaries. Fluctuations in exchange rates between the Australian dollar and US dollar, Malaysian Ringgit and the Euro may impact the Group's financial results. The group manages its exposure to currency risk by borrowing in local currencies and selective hedging. Cash is receipted where possible in local currencies and used to settle debts arising from meeting working capital requirements in local currencies. All significant financial assets and financial liabilities are held in the functional currency of the operation holding the financial instrument.

Note 29: Financial Risk Management (Continued)

(c) Liquidity risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to its financial liabilities. The group manages this risk by:

- preparing cash flow forecasts;
- ensuring that adequate unutilised borrowing facilities are maintained;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- investing surplus cash only with major financial institutions.

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such the amounts may not reconcile to the balance sheet.

2013 $'000	Interest Rate range	On demand	Due < 1 year	Due 1 – 2 years	Due 2 – 5 years	Due > 5 years	Total
Bank overdraft	-	-	-	-	-	-	-
Bankers Acceptances	4.74%	-	1,171	-	-	-	1,171
Bank loans	7.66%	-	108	104	146	-	358
Non-bank loans	9.89%	-	171	-	-	-	171
Hire purchase liability	-	-	-	-	-	-	-
Trade and other payables	-	-	1,491	-	-	-	1,491
Bank guarantees	-	241	-	-	-	-	241
Total Financial Liabilities		241	2,941	104	146	-	3,432

2012 $'000	Interest Rate range	On demand	Due < 1 year	Due 1 – 2 years	Due 2 – 5 years	Due > 5 years	Total
Bank overdraft	-		-	-	-	-	-
Bankers Acceptances	-		-	-	-	-	-
Bank loans	8.64%		10	-	-	-	10
Hire purchase liability	7.26%		32	-	-	-	32
Trade and other payables	-		2,673	-	-	-	2,673
Bank guarantees	-	231	-	-	-	-	231
Total Financial Liabilities		231	2,715	-	-	-	2,946

(d) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter-parties of contract obligations that could lead to a financial loss to the group. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. The credit risk is limited to trade and other receivables, as reported in note 11, and bank balances, as reported in note 10, for the group.

The major exposure to credit risk is customer receivables which are managed closely by each operating segment. There is no significant concentration with respect to particular customers and no allowance for impairment loss was required at 30 June 2013. Credit risk from balances with banks is managed by Head Office and at 30 June 2013 over 60% of cash balances were held with Commonwealth Bank of Australia.

The consolidated group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated group.

Note 29: Financial Risk Management (Continued)

Fair Values
The fair values of financial assets and financial liabilities are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value.

The fair values of other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings, to their present value.

For other assets and other liabilities the fair value approximates their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments, forward exchange contracts and interest rate swaps.

Financial assets where the carrying amount exceeds fair values have not been written down as the consolidated group intends to hold these assets to maturity.

Aggregate fair values and carrying amounts of financial assets and liabilities at balance date:

	Carrying amount 2013 $000's	Fair value 2013 $000's	Carrying amount 2012 $000's	Fair value 2012 $000's
Financial Assets				
Cash and cash equivalents	412	412	1,007	1,007
Trade and other receivables	3,418	3,417	3,560	3,560
	3,830	3,829	4,567	4,567
Financial Liabilities				
Trade and other payables	1,491	1,491	2,673	2,673
Other loans and amounts due	1,700	1,700	42	42
	3,191	3,191	2,715	2,715

Fair values are materially in line with carrying values.

Sensitivity Analysis

Interest Rate Risk, Foreign Currency Risk and Price Risk

The group has performed sensitivity analysis relating to its exposure to interest rate risk and foreign currency risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

The Group is exposed to movements in interest rates as a result of its net debt positions at 30 June:

	2013 $000's	2012 $000's
Total Floating Rate Borrowings	1,529	10
Less Cash and Cash Equivalents	(412)	(1,007)
Net Debt/(Cash)	1,117	(997)

Note 29: Financial Risk Management (Continued)

As at 30 June, the effect on profit after tax and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2013 $000's	2012 $000's
Change in profit after tax		
Increase in interest rates by 1%	**(8)**	7
Decrease in interest rates by 1%	**8**	(7)
Change in equity		
Increase in interest rates by 1%	**-**	-
Decrease in interest rates by 1%	**-**	-

The above table demonstrates the sensitivity to a reasonably possible change in interest rates based on movements in interest rates experienced during the preceding 12 months.

Foreign Currency Risk and Sensitivity Analysis

The following table illustrates the group's sensitivities to reasonable possible changes in exchange rates based on movements experienced in the preceding 12 months. The table indicates the impact on profit after tax and net assets of the group reported at the reporting date that would have been affected by changes in exchange rates. It is assumed that the exchange rate movement is independent of other variables.

At 30 June 2013, the Group had the following exposure to foreign currency that is not designated in cash flow hedges:

		2013 000's	2012 000's
Trade & Other Receivables	USD	1,552	1,448
	MYR	126	391
Trade & Other Payables	USD	145	200
	EUR	101	36
	MYR	847	1,193

As at 30 June, the effect on profit and equity as a result of changes in the value of the Australian Dollar to foreign currencies, with all other variables remaining constant is as follows:

	2013 $000's	2012 $000's
Change in profit after tax		
Improvement in AUD to USD by 5%	(183)	(172)
Improvement in AUD to MYR by 5%	164	128
Improvement in AUD to EUR by 5%	52	61
Decline in AUD to USD by 5%	183	172
Decline in AUD to MYR by 5%	(164)	(128)
Decline in AUD to EUR by 5%	(52)	(61)
Change in equity		
Improvement in AUD to USD by 5%	(9)	(5)
Improvement in AUD to MYR by 5%	(225)	(258)
Decline in AUD to USD by 5%	9	5
Decline in AUD to MYR by 5%	225	258

It should be noted that the above impacts are primarily as a result of exposure to Malaysian Ringgit revenue net of expenses, exposure to U.S. dollar revenue net of expenses, exposure to EUR expenses and, net assets of the Group's Malaysian and U.S. companies.

Note 30: Operating Segments

Management have determined the operating segments based upon reports reviewed by the Board and executive management that are used to make strategic decisions. Refer to note 1(c) for discussion on the composition of reportable segments.

The following table presents the revenue and profit information regarding business unit segments for the years ended 30 June 2013 and 30 June 2012.

Year ended 30 June 2013

	Innovative Products Group	**Healthcare Australia**	**Total Segments**	**Corporate & Other**	**Adjusts and Elims**	**Total Continuing Operations**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue						
External Customers	9,544	15,341	24,885	-	-	24,885
Inter Segment	272	-	272	-	(272)	-
	9,816	**15,341**	**25,157**	**-**	**(272)**	**24,885**
Other Revenue	21	44	65	-	-	65
Interest Revenue	1	1	2	-	-	2
	22	**45**	**67**	**-**	**-**	**67**
Total segment revenue	**9,838**	**15,386**	**25,224**	**-**	**(272)**	**24,952**
Result						
Segment results *	**2,207**	**1,141**	**3,348**	**(804)**	**-**	**2.544**
Earnings Before Interest and Tax *	**2,207**	**1,141**	**3,348**	**(804)**	**-**	**2,544**
Interest revenue	1	1	2	-	-	**2**
Interest expense	(29)	(59)	(88)	(5)	-	**(93)**
Income tax expense	(588)	(320)	(908)	913		**5**
Total segment results from continuing operations*	**1,591**	**763**	**2,354**	**104**	**-**	**2,458**

* Includes Corporate recharges to each segment

Note 30: Operating Segments (Continued)

Year ended 30 June 2012

	Innovat. Products Group	Health-care Aust.	Health-care SEA (disc. operation)	Total Segments	Corp. & Other	Adjusts. and Elims.	Total Cont. Ops.
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue							
External Customers	10,352	17,931	2,329	30,612	-	(2,329)	28,283
Inter Segment	385	-	-	385	-	(385)	-
	10,737	**17,931**	**2,329**	**30,997**	**-**	**(2,714)**	**28,283**
Other Revenue	16	31	1	48	323	(1)	370
Interest Revenue	38	4	20	62	-	(20)	42
	54	**35**	**21**	**110**	**323**	**(21)**	**412**
Total segment revenue	**10,791**	**17,966**	**2,350**	**31,107**	**323**	**(2,735)**	**28,695**
Result							
Segment results *	**2,618**	**1,023**	**(364)**	**3,277**	**(639)**	**380**	**3,018**
Earnings Before Interest and Tax *	**2,618**	**1,023**	**(364)**	**3,277**	**(639)**	**380**	**3,018**
Interest revenue	38	4	20	62	-	(20)	42
Interest expense	(12)	(41)	(105)	(158)	(24)	105	(77)
Income tax expense	(655)	(302)	-	(957)	725	-	(232)
Total segment results from continuing operations*	**1.989**	**684**	**(449)**	**2,224**	**62**	**465**	**2,751**

* Includes Corporate recharges to each segment

Note 30: Operating Segments (Continued)

For the purposes of monitoring segment performance and allocating resources between segments, segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists.

The Group has a number of customers to which it provides its products and services with the top 5 customers accounting for 26.1% of total external revenue for the continuing operations. The most significant customer accounts for 18.1% of total external revenue within the Innovative Products Group.

Intersegment Transactions
Segment revenues, expenses and results include transactions between segments. The transfer prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the consolidated group at an arm's length. These transactions are eliminated on consolidation.

Note 31: Share-based Payments

Executive Share Plan

The Executive Share Plan ("ESP") was approved at the 18 November 2011 Annual General Meeting for the three year period to 17 November 2014. The purpose of this plan is to provide eligible employees with an opportunity to share in the growth in the value of ITL shares and to encourage them to contribute to the performance of the Group and the returns to shareholders. In addition, shares may be issued to Directors in lieu of part or all of their annual directors' remuneration.
On 6 June 2012, 3,294,509 ordinary shares were issued under the ESP at an issue price of $0.1438. This price was determined as the volume weighted average market prices of ITL shares during the preceding 12 month period.
On 24 August 2012, 4,766,375 ordinary shares were issued under the ESP at an issue price of $0.16. This price was determined as the volume weighted average market prices of ITL shares during the preceding 12 month period.
In line with accounting standard AASB 2 Share-based payments, this share issue is reflected in the accounts at fair value which is the market price of ITL shares of $0.19 on the grant date of 24 August 2012.
Total expenses arising from share based payments recognised during the period as part of Salaries and Employee Benefits Expense were as follows:

	2013	**2012**
	$000's	**$000's**
Shares issued under ESP	530	501
Shares to be issued under ESP (Share Based Payments Reserve)	222	-
	752	501

Note 32: Parent Entity Information

Financial Position	**2013 $000's**	**2012 $000's**
Assets		
Current Assets	2,476	3,192
Non Current Assets	7,660	7,422
Total Assets	10,136	10,614
Liabilities		
Current Liabilities	2,892	5,041
Non Current Liabilities	5	2
Total Liabilities	2,897	5,043
Equity		
Issued Capital	30,333	35,080
Retained Earnings	(23,634)	(29,827)
Reserves	540	318
Total Equity	7,239	5,571
Financial Performance		
Profit/(Loss) for the year	6,658	(200)
Other comprehensive income	-	-
Total Comprehensive Income	6,658	(200)

The parent entity received dividends of $6,553k from other entities within the Group during 2013 (2012:$1,236k)

There are no contingent assets or liabilities other than those disclosed in Notes 18 & 25.

The company has guaranteed the banking facilities of a number of subsidiaries as detailed in Note 18. Under the terms of the financial guarantees, the company will make payments to reimburse the lenders upon failure of the guaranteed entity to make payments when due. Terms and face values of the liabilities guaranteed were as follows:

	30 June 2013 Face Value $'000	**30 June 2012 Face Value $'000**
Bank Loans of Controlled Entities	1,529	10

Pursuant to ASIC Class Order 98/1418, ITL Limited, ITL Corporation Pty Ltd, Noble House Group Pty Ltd, ITL Healthcare Pty Ltd and Surgicare Pty Ltd have entered in to a cross guarantee under which ITL Limited and these wholly owned subsidiaries have guaranteed the debts of each other. As a result, these subsidiaries are relieved from the *Corporations Act 2001* requirements for preparation and lodgement of audited Financial Reports and Directors' Reports.

There are no material capital commitments.

Note 33: Company Details

The registered office and principal place of business of the company is:

ITL Limited
1/63 Wells Road
Chelsea Heights VIC 3196
Australia

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes are in accordance with the *Corporations Act 2001* and:
    a. comply with Accounting Standards (including the Australian Accounting interpretations); and
    b. give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the consolidated group; and
    c. The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

2. the Chief Executive Officer and the Chairman have signed Management Representation Letters declaring to the best of their knowledge:
    a. the financial records of the company for the financial year have been properly maintained in accordance with s 286 of the *Corporations Act 2001*;
    b. the financial statements and notes for the financial year comply with the Accounting Standards; and
    c. the financial statements and notes for the financial year give a true and fair view.

3. 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.
4. in the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that members of the Closed Group identified in note 32 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Cross Guarantee.

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

William Mobbs
Executive Chairman
Dated this 17th day of September 2013

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Independent auditor's report to the members of ITL Limited

Report on the financial report

We have audited the accompanying financial report of ITL Limited ("the company"), which comprises the consolidated balance sheet as at 30 June 2013, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 judgment, 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 controls 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 controls. 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 opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration.

Opinion

In our opinion:

the financial report of ITL Limited is in accordance with the *Corporations Act 2001*, including:

giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the remuneration report

We have audited the Remuneration Report included in pages 15 to 20 of the directors' report for the year ended 30 June 2013. 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.

Opinion

In our opinion, the Remuneration Report of ITL Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

James Palmer

James Palmer
Partner
Canberra
17 September 2013

Shareholder Information

Stock Exchange Listing

ITL Limited's shares are listed on the Australian Securities Exchange (ASX) under the code ITD.

The shareholder information set out below was current at 11 September 2013.

There were 572 holders of ordinary shares in the Company. These shareholders held 85,995,595 ordinary shares. All issued ordinary shares carry one vote per share.

Distribution of Ordinary Shares

Holdings Ranges	Holders	Total Units	%
1-1,000	25	3,672	0.004
1,001-5,000	66	220,117	0.256
5,001-10,000	70	577,479	0.672
10,001-100,000	326	10,486,908	12.195
100,001-9,999,999,999	85	74,707,419	86.874
Totals	**572**	**85,995,595**	**100.000**

Holdings less than a marketable parcel 26

Substantial Shareholders as at 11 September 2013:

	Number of Shares	% Held
Bilbo Holdings Pty Ltd	30,183,307	35.10

Twenty Largest Shareholders at 11 September 2013:

Rank	Holder Name	Balance at 11-09-2013	%
1	**BILBO HOLDINGS PTY LTD**	**30,183,307**	**35.099**
	MR WILLIAM LEONARD MOBBS <BILBO SUPER FUND A/C>	12,953,002	15.062
	BILBO HOLDINGS PTY LTD <BILBO FAMILY A/C>	10,683,381	12.423
	HASTCOMBE PTY LTD	6,546,924	7.613
2	**ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>**	**4,097,692**	**4.765**
3	**MR CHRIS CARR & MRS BETSY CARR**	**4,000,000**	**4.651**
4	**A & P TURNBULL INVESTMENTS PTY LTD <TURNBULL FAMILY S/F A/C>**	**3,419,000**	**3.976**
	CANDOO PTY LTD <THE TURNBULL FAMILY A/C>	2,000,000	2.326
	A & P TURNBULL INVESTMENTS PTY LTD <TURNBULL FAMILY S/F A/C>	1,419,000	1.650
5	**J P MORGAN NOMINEES AUSTRALIA LIMITED**	**2,187,060**	**2.543**
6	**HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED**	**2,167,668**	**2.521**
7	**UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD**	**2,000,000**	**2.326**
8	**MS STEPHANIE NORRELL**	**1,987,750**	**2.311**
	MS STEPHANIE NORRELL	1,987,750	2.311
9	**BELL POTTER NOMINEES LTD <BB NOMINEES A/C>**	**1,479,951**	**1.721**
10	**MR CRAIG DOUGLAS WILSON**	**1,472,542**	**1.712**
	MR CRAIG DOUGLAS WILSON	919,533	1.069
	COCAMA SUPERANNUATION FUND PTY LTD <WILSON FAMILY S/F A/C>	438,800	0.510
	MRS KARINA PHYLLIDA WILSON	114,209	0.133
11	**MRS SALLYANNE LEE MOBBS & MR RICHARD JAMES MOBBS <MOBBSTERS SUPER FUND A/C>**	**1,290,112**	**1.500**
	MRS SALLYANNE LEE MOBBS & MR RICHARD JAMES MOBBS <MOBBSTERS SUPER FUND A/C>	708,379	0.824
	MR RICHARD JAMES MOBBS & MRS SALLY-ANNE LEE MOBBS <MOBBSTERS FAMILY A/C>	581,733	0.676
12	**MATTHEW PARRISH PTY LTD <PARRISH FAMILY A/C>**	**1,158,233**	**1.347**
	MATTHEW PARRISH PTY LTD <PARRISH FAMILY A/C>	652,650	0.759
	MATTHEW PARRISH PTY LTD <PARRISH FAMILY A/C>	505,583	0.588
13	**MR KEVIN PETER O'DONNELL & MRS GLENIS NITA O'DONNELL & BEATTIE RICKMAN TRUSTEE CO LTD <KP&GN O'DONNELL FAMILY A/C>**	**1,149,830**	**1.337**
	MRS GLENIS NITA O'DONNELL	1,149,830	1.337
14	**CITICORP NOMINEES PTY LIMITED**	**1,123,687**	**1.307**
15	**MR BERNARD FREDERICK KNOWLER**	**1,000,000**	**1.163**
16	**TALSTON PTY LIMITED <TALSTON A/C>**	**1,000,000**	**1.163**
17	**MR BEREND JOHN PHILIP HOFF & MRS PETA LINDSAY HOFF <BEREND HOFF SUPER FUND A/C>**	**780,000**	**0.907**
18	**NARINDER PALL SINGH KANDA**	**669,644**	**0.779**
	NARINDER PALL SINGH KANDA	669,644	0.779
19	**MONTAGUE CORPORATE SERVICES PTY LTD**	**656,481**	**0.763**
	KMDH PTY LTD <K M SUPERANNUATION FUND A/C>	656,481	0.763
20	**FRANCIS PIRES PTY LTD <FA PIRES SUPER FUND A/C>**	**511,219**	**0.594**

As at 11 September 2013, the 20 largest shareholders held ordinary shares representing 72.49% of the issued capital.

Corporate Directory

Directors

Mr William Mobbs	Executive Chairman
Mr Sanjay Sehgal	Chairman, Audit & Risk Management Committee
Mr Julian Gosse	

Company Secretary

Mr Trevor Doolan

Registered Office

Unit 1, 63 Wells Road
Chelsea Heights, VIC 3196

Telephone	(03) 8773 3050
Facsimile	(03) 8773 3059

Share Registry

Boardroom Pty Limited
Level 7, 2017 Kent Street
Sydney, NSW 2000

General Enquires	1300 737 760
Facsimile	1300 653 459
Website	www.boardroomlimited.com.au
Email	enquires@boardroomlimited.com.au

Auditor

EY
121 Marcus Clarke Street
Canberra ACT 2600