



**Innovating Technologies for Life**

**2015**  
**Annual Report**

# ITL 2015 ANNUAL REPORT

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## Chairman's Message to Shareholders

ITL Limited ("ITL") summarised financial headlines for the year are as follows:

- Profit after tax of \$2.1m (2014: \$2.0m);
- Earnings per share of 2.5 cents (2014: 2.4 cents);
- Net asset backing per share 14.0 cents (2014: 12.1 cents);
- Revenue was \$28.3m (2014: \$25.9m);
- Profit before tax of \$1.6m (2014: \$2.1m);
- EBITDA was \$2.8m (2014: \$3.2m)

The year was adversely impacted by a number of one off items totalling around net \$0.5m. If these are excluded, the underlying profit before tax would have been similar to the previous year of \$2.1m. These items were:

1. Malaysian plant shutdown and relocation;
2. Provision for the write-off of certain inventories, which contain a defective component sourced from a supplier;
3. Legal costs incurred in protection and defence through the U.S. Patents Office of one of ITL's key U.S. patents;
4. Transaction costs related to the proposed investment in MyHealthTest Pty Ltd ("MHT") which has been expensed rather than capitalised;
5. Expenses associated with the implementation of GST in Malaysia and;
6. The above items were partly offset by the net profit on sale of the old Malaysian factory.

The Board has declared a final dividend of 0.25 cents per share with a record date of 26th August 2015 and a payment date of 3rd September 2015.

2014/15 was a year of investment in major capacity expansion for the future. ITL completed the expansion and renovation of the newly acquired modern medical device factory with clean rooms at Bemban in Malaysia. This new BioMedical manufacturing plant has been successfully commissioned and is operating efficiently. Manufacturing operations are expanding and diversifying as production of certain products is progressively transferred from Australia to Malaysia.

New business opportunities continue to be successfully pursued. Healthcare Australia is increasing its sales of intravenous cannula insertion packs and, as a supplier of custom sterile packs, is also progressively growing its market share in NSW public hospitals. ITL BioMedical has a number of well advanced R&D projects which will also provide new sales opportunities.

In addition to pursuing organic growth, ITL is looking to diversify into new growth opportunities. As part of this strategy, ITL has, subject to shareholder approval, proposed the acquisition of MyHealthTest Pty Ltd ("MHT") which undertakes direct to consumer pathology testing.

MHT's first entry into the testing market is the test used to diagnose and manage diabetes (the "HbA1c" test). MHT will enable customers to initiate the service online and receive their test kit at home. The customer then submits a sample back to MHT for laboratory testing and then obtains the results via a secure portal. MHT thus provides consumers with the convenience of not having to attend medical and pathology clinic appointments, cuts the costs of appointment

fees and travel, and enables customers to manage their condition and health.

In April 2015, MHT was awarded an Accelerating Commercialisation grant of up to \$1m from the Commonwealth Department of Industry and Science to fast track the roll out of the HbA1c test. Subsequently, in July the public launch of MHT occurred at the Canberra Innovation Centre to coincide with the commencement of National Diabetes Week.

The Directors are confident that the Group is well positioned to improve future returns to shareholders.

A handwritten signature in dark ink, appearing to be 'W Mobbs', with a long horizontal flourish extending to the right.

William Mobbs  
Executive Chairman

## Company Profile

### History

Over the years ITL Limited and Controlled Entities (“ITL”) have 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.

### ITL BioMedical (formerly known as Innovative Products Group) (“BioMed”)

BioMed designs, manufactures, markets and distributes a range of biological safety sampling devices and hospital single use devices for the global human healthcare market.

BioMed capabilities and expertise include development and commercialisation of new patented products from initial concept through to sales. The division 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 are 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.

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

BioMed 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”)

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. Its goal is to provide quality innovative products that make healthcare professionals’ 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

Our corporate governance statement for the period can be found at <http://www.itl-limited.com/index.php?id=16>. The Corporate Governance statement is accurate and up to date as of 4 September 2015 and has been approved by the Board.

## Directors' Report

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2015.

### 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 directors:*

Mr Andrew Turnbull

Mr Mark Peatey (appointed 1 October 2014)

Mr Sanjay Sehgal (resigned 31 October 2014)

### 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

A final fully franked dividend for the financial year ended 30 June 2014 of 0.5 cents per share was paid 2 September 2014.

An interim fully franked dividend for the financial year ended 30 June 2015 of 0.5 cents per share was paid 3 March 2015 (2014: 0.5 cents per share).

Since the end of the financial year the Board has declared a partly franked final dividend of 0.25 cents per share paid 3 September 2015.

### Review and Results of Operations

Profit after tax for the Consolidated Group for the year ended 30 June 2015 was \$2.1m, which was \$0.1m or 5% above the prior year 2013/14 profit of \$2.0m.

Earnings per share for the year ended 30 June 2015 was 2.5 cents compared with the prior year outcome of 2.4 cents per share.

Income tax benefit was \$0.5m (2014: \$0.1m expense). This reflects the benefit of tax losses from prior years in Australia and the benefit of reinvestment and other allowances arising from capital expenditure in Malaysia.

Profit before tax was \$1.6m (2014: \$2.1m).

Consolidated revenue was \$28.3m, an increase of 10% compared with the prior year of \$25.9m. Revenue for Healthcare Australia was up 24% to \$18.6m driven by strong sales of IV kits to W.A. hospitals. ITL BioMedical revenue decreased 4% to \$11.1m reflecting poor U.S. market conditions partly offset by the stronger US dollar and increased sales to Healthcare Australia.

## Directors' Report

Despite this 10% increase in revenue, gross profit was flat due to :

- the adverse impact of the Malaysian plant shutdown and relocation;
- provision for write-off of certain inventories, which contain a defective component sourced from a supplier;
- margin erosion in the Australian healthcare market; and,
- Healthcare Australia revenue growth was in lower margin products.

Other Income increased from \$0.1m to \$0.3m due to the profit on sale of the old Malaysian factory.

Expenses increased 7% or \$0.7m due primarily to the following major factors:

- Legal costs incurred in the protection and defence, through the U.S. Patents Office, of one of ITL's key U.S. patents;
- Transaction costs related to the proposed investment in MyHealthTest have been expensed rather than capitalised;
- Expenses associated with the relocation to the new Malaysian manufacturing facility; and,
- Expenses associated with the implementation of GST in Malaysia.

Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)\* for the year ended 30 June 2015 was \$2.8m (2014: \$3.2m). The reconciliation between Profit before tax and EBITDA\* is as follows:

	<u>2015</u> \$'000	<u>2014</u> \$'000
Profit before Income Tax	1,611	2,076
Add back/(deduct):		
Depreciation and amortisation expense	927	911
Interest Expense	270	251
Interest Income	(21)	(3)
EBITDA*	<u>2,787</u>	<u>3,235</u>

\*The Directors believe that EBITDA as a non-IFRS profit measure is useful to investors as it provides further information on the Group's underlying profitability.

Group Operating Cashflow for the year ended 30 June 2015 was \$1.4m (2014: \$3.3m). This reflected lower cash profit together with increased inventories and trade debtors. The former was due to a shorter than planned plant shutdown period in Malaysia and subsequent slower than anticipated run down in inventories. Higher trade debtors reflected Healthcare Australia business growth and slower collections for ITL BioMedical.

Capital expenditure of \$2.5m (2014: \$2.3m) primarily related to the expansion and renovation of the newly acquired manufacturing facility at Bemban in Malaysia. This was funded by the sale of the old Malaysian factory at Lahat for \$1.2m, together with increased long term bank loans.

A fully franked interim dividend of 0.5 cents per share was paid and a final dividend of 0.25 cents per share declared in respect of the financial year ended 30 June 2015.

The net debt position was \$4.5m at 30 June 2015 (2014: \$3.6m). The Group's gearing, measured as net debt as a percentage of net debt plus equity, was 28% (2014: 26%).



## Directors' Report

### Strategy and Outlook

During the year, ITL completed the expansion and renovation of the newly acquired modern medical device factory with clean rooms at Bemban in Malaysia. This new BioMed manufacturing plant has been successfully commissioned and is operating efficiently. Manufacturing operations are expanding and diversifying as production of certain products is progressively transferred from Australia to Malaysia.

New business opportunities continue to be successfully pursued. Healthcare Australia is increasing its sales of intravenous cannula insertion packs and, as a supplier of custom sterile packs, is also progressively growing its market share in NSW public hospitals. ITL BioMedical has a number of well advanced R&D projects which will also provide new sales opportunities.

In addition to pursuing organic growth, ITL is looking to diversify into new growth opportunities. As part of this strategy, ITL has, subject to shareholder approval, proposed the acquisition of MyHealthTest Pty Ltd ("MHT") which undertakes direct to consumer pathology testing."

MHT's first entry into the testing market is the test used to diagnose and manage diabetes (the "HbA1c" test). MHT will enable customers to initiate the service online and receive their test kit at home. The customer then submits a sample back to MHT for laboratory testing and then obtains the results via a secure portal. MHT thus provides consumers with the convenience of not having to attend medical and pathology clinic appointments, cuts the costs of appointment fees and travel, and enables customers to manage their condition and health.

In April 2015, MHT was awarded an Accelerating Commercialisation grant of up to \$1m from the Commonwealth Department of Industry and Science to fast track the roll out of the HbA1c test. Subsequently, in July the public launch of MHT occurred at the Canberra Innovation Centre to coincide with the commencement of National Diabetes Week.

Achievement of the above new growth opportunities will require action to minimise the impact of key business risks. These include adverse currency movements, subdued demand from the U.S. blood banking industry and pressure on margins due to competition in both business segments.

### Significant Changes in State of Affairs

At the Annual General Meeting of the company held on 31 October 2014, it was resolved that ITL Limited authorise and approve the buyback of up to 20% of the issued ordinary shares through on market buy-backs. Based on the number of shares outstanding at the close of 30 October 2014 of 85,422,721 the maximum amount of the buyback over the next 12 months is 17,084,544 shares.

### Events After Balance Sheet Date

On 11 August 2015 ITL Limited ("ITL") entered in to a Deed of Amendment and Restatement of Subscription and Option Agreement with MHT and its shareholders. This amended the 29 April 2015 Agreement, details of which were contained in an ASX Announcement. This relates to a strategic investment in MHT, a direct to consumer pathology test provider, through a series of call options which provide an exclusive opportunity for ITL to acquire up to 100% of MHT. In addition to deferred timelines, the amendments primarily related to:

- Change in composition of exercise price for call options over all existing MHT shares from \$200,000 cash and \$1,800,000 in ITL shares (issue price as defined) to 100% i.e. \$2,000,000 in ITL shares (issue price as defined); and,
- Inclusion of milestones that must be achieved by MHT as a condition for ITL to exercise these options.

On 18 August 2015, ITL Limited declared a final dividend of 0.25 cents per share with payment made 3 September 2015.

## Directors' Report

On 2 September 2015, ITL Limited ("ITL") entered in to a Deed of Further Amendment and Restatement of Subscription and Option Agreement with MyHealthTest Pty Ltd ("MHT") and its shareholders conditional on ITL obtaining shareholder approval at a General Meeting. This amended the 11 August 2015 Agreement which related to a strategic investment in MHT, a direct to consumer pathology test provider, through a series of call options which provided an exclusive opportunity for ITL to acquire up to 100% of MHT. Details of what is now termed the "Subscription and Sale Agreement" were contained in an ASX Announcement and are summarised as follows:

- Subscription of \$450,000 for the issue of 450 new shares by MHT; and,
- Acquisition of 100% of existing shares in MHT in exchange for ITL shares. The latter amount is calculated by dividing \$2,000,000 by an issue price of \$0.20.

At the close of 3 September 2015, nil ordinary shares have been bought back since 30 June 2015.

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 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.

## Directors' Report

### Information on Directors

<b>William Mobbs</b>	-	Executive Chairman (appointed as Director 18 August 2010 and as Executive Chairman 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 20 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.  He is a currently Chairman of MyHealthTest Pty Ltd and a director of Targeted Genomics Pty Ltd and not-for-profit Hospital IP – ACT, Hospital IP – NSW and Hospital IP – Qld.  Mr. Mobbs is a former chairman of London AIM listed Seeing Machines Limited and of Admin Bandit and a former director of Connexion Business Solutions, as well as a former industry representative to the Therapeutic Goods Administration.
Interest in Shares and Options	-	Shares: 33,010,416 (as at 4/9/2015) Options: Nil (as at 4/9/2015)
Special Responsibilities	-	Executive Chairman

<b>Andrew Turnbull</b>	-	Non-Executive Director (appointed 31 December 2013)
Qualifications		Bachelor of Arts (Accounting); CA; CFP
Experience and Directorships held in other listed entities	-	Andrew Turnbull is an entrepreneur with extensive experience in establishing and expanding businesses. As founder and CEO of Canberra's largest accounting firm, Walter Turnbull, Andrew oversaw the growth and eventual sale of the company over an 18 year period rising to employ more than 300 staff, 18 partners and offices in Sydney, Melbourne and Darwin. Upon the acquisition of Walter Turnbull by PwC Andrew took over as Managing Partner at PwC for Canberra and was responsible for culture, systems, process and client integration with responsibility for 350 employees and 15 partners servicing a diverse range of government and private customers. Since leaving PwC, Andrew has started a new business Greenlight Super and is currently on a number of corporate and community boards.
Interest in Shares and Options	-	Shares: 2,991,752 (as at 4/9/2015) Options: Nil (as at 4/9/2015)
Special Responsibilities	-	Chairman of Audit and Risk Management Committee

## Directors' Report

<b>Mark Peatey</b>	-	Non-Executive Director (appointed 1 October 2014)
Qualifications		Bachelor of Economics; CA
Experience and Directorships held in other listed entities	-	Mark Peatey has gained extensive experience in Corporate Advisory Services which has enabled him to develop and create practical strategies to achieve maximum results for businesses and shareholders. Mark initially gained a number of years of experience with IBM in the United Kingdom and then, following a long standing career with Ernst & Young in the Entrepreneurial & Corporate Advisory Services Division, became a founding partner of Maxim Chartered Accountants. He also has extensive experience in areas of Corporate Governance having established several advisory boards and corporate governance structures, and has assisted in a number of merger and acquisition activities. He is currently involved with a number of large privately held businesses encompassing engineering, property development and real estate industries.
Interest in Shares and Options	-	Shares: Nil (as at 4/9/2015) Options: Nil (as at 4/9/2015)
Special Responsibilities	-	Member of Audit and Risk Management Committee

  

<b>Sanjay Sehgal</b>	-	Non-Executive Director (resigned 31 October 2014)
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 and corporate finance advisory firm based out of Singapore, Malaysia, India, London and the US. 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 a Board member of a US stem cell research company and a UK medtech 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: 2,932,550 (as at 31/10/2014) Options: Nil (as at 31/10/2014)
Special Responsibilities	-	Chairman of Audit and Risk Management Committee

## Directors' Report

### 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 10 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	10	10	-	-
Andrew Turnbull	10	10	4	4
Mark Peatey	6	6	2	2
Sanjay Sehgal	4	4	2	2

### Remuneration Report (audited)

This remuneration report for the year ended 30 June 2015 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, and all are classified as Key Management Personnel.

### Key Management Personnel

Details of key management personnel are set out below.

#### Directors

William Mobbs	Executive Chairman
Andrew Turnbull	Director (non executive) (appointed 31 December 2013)
Mark Peatey	Director (non executive) (appointed 1 October 2014)
Sanjay Sehgal	Director (non executive) (resigned 31 October 2014)

#### Executives

David Holden	Chief Financial Officer
Narinder Kanda	General Manager Healthcare Australia
Craig Wilson	General Manager ITL BioMedical
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.

## Directors' Report

### 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 as required. Reward & Recognition Consulting Pty Ltd was appointed as independent advisors and made recommendations on the remuneration of KMP in June 2014. This included market data on KMP remuneration and advice on market trends. Total consideration paid for all these services was \$3,000. 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 they operated independently of any ITL KMP and at no time received any advice or direction about the content and structure of their report.

### Performance Based Remuneration

As part of each executive's 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.

## Directors' Report

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 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 2015 financial year have been determined at \$86,000. 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.

For the year ended 30 June 2015, short term performance based bonuses were awarded to the key management personnel. These were primarily the result of partly meeting targets for operating cash flow generation and growth in profit by Healthcare Australia. 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 following table shows the gross revenue, profit, share price and dividends for the prior four years for the listed entity.

	2011	2012	2013	2014	2015
<b>Revenue</b>	\$40.7m	\$30.6m	\$24.9m	\$25.9m	\$28.3m
<b>Profit/(loss) after Tax</b>	\$0.9m	\$1.3m	\$2.5m	\$2.0m	\$2.1m
<b>Profit/(loss) before Tax</b>	\$1.2m	\$1.6m	\$2.5m	\$2.1m	\$1.6m
<b>Share Price at year-end</b>	\$0.070	\$0.195	\$0.30	\$0.21	\$0.20
<b>Dividends Paid (per share)</b>	Nil	Nil	\$0.005	\$0.0125	\$0.010

### Executive Share Plan

The Executive Share Plan ("ESP") was approved at the 31 October 2014 Annual General Meeting for the three year period to 30 October 2017. Under the ESP, and following approvals obtained at the 31 October 2014 Annual General Meeting, 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 lesser of the volume weighted average of ITL prices during the 12 month period preceding the issue date and the current market price.

Under the ESP there was one issue to key management personnel during the year ended 30 June 2015. This was recorded in the accounts at fair value which was the market price of the ITL shares on the day of the issue. Details are as follows:

On 14 August 2014, 2,856,500 ordinary shares were issued under the ESP at an issue price of \$0.200 in settlement of both final bonuses for the 2014 financial year and for payment of 2015 financial year salaries and fees. This price was determined as the current market price of ITL shares. In line with accounting standard AASB 2 Share Based Payments, this share issue is reflected in the accounts at fair value which was the market price of ITL shares of \$0.205 on the grant date of 14 August 2014.

There were no further conditions applied to these share issues.



## Directors' Report

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

	2015 \$000's	2014 \$000's
<b>Shares issued under ESP</b>	385	607
	<u>385</u>	<u>607</u>

### 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:

2015	Short Term Benefits			Post Employ- ment	Long Term Benefits	Share based payments		Total	Perf. Related
\$	Cash Salaries & fees	Cash Bonus	Non Monetary Benefits	Superannuation	Long Service Leave	2014/15 Salary & Fees (a)	2014/15 Bonus (a)		%
<b>Non-Executive Directors</b>									
A Turnbull (b)	108,000	-	-	-	-	-	-	108,000	-
M Peatey (b)	90,000	-	-	-	-	-	-	90,000	-
S Sehgal	26,000	-	-	-	-	-	-	26,000	-
<b>Total</b>	<b>224,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>224,000</b>	<b>-</b>
<b>Executive Director</b>									
W Mobbs	-	-	-	-	-	128,438	-	128,438	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>128,438</b>	<b>-</b>	<b>128,438</b>	<b>-</b>
<b>Other KMP</b>									
W Mobbs	20,000	33,000	-	-	-	256,875	-	309,875	10.6
D Holden	175,800	17,000	-	-	-	-	-	192,800	8.8
S Norrell #	272,645	-	11,541	8,179	-	-	-	292,365	-
N Kanda	224,256	22,000	-	21,303	3,716	-	-	271,275	8.1
C Wilson	245,000	-	-	-	-	-	-	245,000	-
T Doolan	146,453	14,000	-	14,388	2,441	-	-	177,282	7.9
<b>Total Other KMP</b>	<b>1,084,154</b>	<b>86,000</b>	<b>11,541</b>	<b>43,870</b>	<b>6,157</b>	<b>256,875</b>	<b>-</b>	<b>1,488,597</b>	<b>5.8</b>
<b>Total</b>	<b>1,308,154</b>	<b>86,000</b>	<b>11,541</b>	<b>43,870</b>	<b>6,157</b>	<b>385,313</b>	<b>-</b>	<b>1,841,035</b>	<b>4.7</b>

(a) The Executive Share Plan ("ESP") was approved at the 31 October 2014 Annual General Meeting for the three year period to 30 October 2017. Under the ESP, and following approvals obtained at the 31 October 2014 Annual General Meeting, 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 lesser of the volume weighted average of ITL prices during the 12 month period preceding the issue date and the current market price. Details of the Salaries & Fees where the relevant KMP has elected to receive share based payments rather than cash payments are as follows:



## Directors' Report

	\$ Cash Foregone	Shares Issued	\$ Fair Value
<b>Salaries &amp; Fees</b>			
W Mobbs (Chairman)	125,000	625,000	128,438
W Mobbs (CEO)	250,000	1,250,000	256,875
<b>Total Salaries &amp; Fees</b>	<b>375,000</b>	<b>1,875,000</b>	<b>385,313</b>

W Mobbs' remuneration is split between his roles of Executive Chairman and Chief Executive Officer.

(b) During the year ended 30 June 2015 the two non-executive directors were paid "special exertion" fees in relation to work undertaken on new business opportunities.

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

2014	Short Term Benefits			Post Employ- ment	Long Term Benefits	Share based payments		Total	Perf. Related
\$	Cash Salaries & fees	Cash Bonus	Non Monetary Benefits	Superannuation	Long Service Leave	2013/14 Salary & Fees (a)	2013/14 Bonus (a)		%
<b>Non-Executive Directors</b>									
S Sehgal	32,500	-	-	-	-	53,510	-	86,010	-
A Turnbull	36,000	-	-	-	-	-	-	36,000	-
J Gosse	39,000	-	-	-	-	-	-	39,000	-
<b>Total</b>	<b>107,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53,510</b>	<b>-</b>	<b>161,010</b>	<b>-</b>
<b>Executive Director</b>									
W Mobbs	-	-	-	-	-	148,125	-	148,125	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>148,125</b>	<b>-</b>	<b>148,125</b>	<b>-</b>
<b>Other KMP</b>									
W Mobbs	-	-	-	-	-	311,373	70,898	382,271	18.5
D Holden	82,800	-	-	-	-	102,887	24,660	210,347	11.7
S Norrell #	260,256	-	10,521	7,616	-	-	18,860	297,253	6.3
N Kanda	224,256	-	-	20,744	6,740	-	5,125	256,865	2.0
C Wilson	245,000	-	-	-	-	-	21,578	266,578	8.1
T Doolan	146,453	5,000	-	13,547	2,628	-	-	167,628	3.0
<b>Total Other KMP</b>	<b>958,765</b>	<b>5,000</b>	<b>10,521</b>	<b>41,907</b>	<b>9,368</b>	<b>414,260</b>	<b>141,121</b>	<b>1,580,942</b>	<b>9.2</b>
<b>Totals</b>	<b>1,066,265</b>	<b>5,000</b>	<b>10,521</b>	<b>41,907</b>	<b>9,368</b>	<b>615,895</b>	<b>141,121</b>	<b>1,890,077</b>	<b>7.7</b>

(a) 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, and following renewed approval at the 31 October 2013 Annual General Meeting, shares may be issued to Executives and Directors in lieu of part or all of their annual remuneration including bonuses. The issue price was determined as the volume weighted average of ITL prices during the 12 month period preceding the issue date. 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:

## Directors' Report

	\$ Cash Foregone	Shares Issued	\$ Fair Value
<b><u>Salaries &amp; Fees</u></b>			
W Mobbs (Chairman)	125,000	545,252	148,125
W Mobbs (CEO)	250,000	1,180,258	311,373
D Holden	86,250	380,263	102,887
S Sehgal	45,500	182,550	53,510
<b>Total Salaries &amp; Fees</b>	<b>506,750</b>	<b>2,288,323</b>	<b>615,895</b>

<b><u>Bonuses</u></b>			
W Mobbs	69,000	345,000	70,898
D Holden	24,000	120,000	24,660
S Norell	18,400	92,000	18,860
N Kanda	5,000	25,000	5,125
C Wilson	21,000	105,000	21,578
<b>Total Bonuses</b>	<b>137,400</b>	<b>687,000</b>	<b>141,121</b>

W Mobbs' remuneration is split between his roles of Executive Chairman and Chief Executive Officer.

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

### Shareholdings of key management personnel

	Balance 1/7/2014	Received as Compensation	Net Change other*	Balance 30/6/2015
<b>Directors</b>				
William Mobbs	<b>30,555,746</b>	2,442,000	12,670	<b>33,010,416</b>
Sanjay Sehgal	<b>2,932,550</b>	-	-	<b>2,932,550</b>
Andrew Turnbull	<b>2,991,752</b>	-	-	<b>2,991,752</b>
Mark Peatey	-	-	-	-
<b>Executives</b>				
David Holden	<b>633,664</b>	132,000	(103,118)	<b>662,546</b>
Narinder Kanda	<b>669,644</b>	25,000	-	<b>694,644</b>
Craig Wilson	<b>1,489,042</b>	115,500	-	<b>1,604,542</b>
Stephanie Norrell	<b>1,987,750</b>	92,000	-	<b>2,079,750</b>
Trevor Doolan	<b>57,511</b>	-	-	<b>57,511</b>
<b>Total</b>	<b>41,317,659</b>	<b>2,806,500</b>	<b>(90,448)</b>	<b>44,033,711</b>

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

### Options and Rights Holdings

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

## Directors' Report

### Loans to key management personnel

	\$	Balance at beginning	Interest Charged	Interest not charged	Balance at end	Highest balance during period
William Mobbs		100,720	19,224	-	469,944	469,944

On 20 March 2015 ITL Limited entered into a revised loan agreement with Mr. W. Mobbs, Executive Chairman. The loan facility amount of \$450,000 was fully drawn at 30 June 2015. Interest is payable at 12% and there was accrued interest of \$19,944 at 30 June 2015. The repayment is the earlier of 30 June 2016 and the day ITL completes the subscription for options to be issued in new fully paid ordinary shares in MyHealthTest Pty Ltd with an aggregate subscription price of \$450,000.

### Other transactions with KMP and their related parties

Transactions - other directors' interests	2015	Sales \$'000	Amounts owed \$'000
	2015	20	-
	2014	8	-

During the year ITL Corporation Pty Ltd provided services at market price for \$20,160 to MyHealthTest Pty Ltd. The latter is a company whose majority shareholding is controlled by Mr W Mobbs.

### 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 ITL BioMedical is employed under a Consultancy Agreement effective 1 July 2012 with his company Cocama Trading Pty Ltd. The total consultancy fee is \$276,016 p.a., plus incentive based on performance. The consultancy fee included a salary to Craig Wilson of \$245,000 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 \$245,000 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\$245,000 and an annual bonus based on performance. Either party may terminate the contract by six 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 the year the company entered into a Deed of Access and Indemnity with the Independent Director appointed 1 October 2014. The company has not given or issued any other new indemnities during the year or since the end of the financial year.

## Directors' Report

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 \$54,282 for all Directors and Officers.

### Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

### 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.

Non-audit services were provided by Ernst Young Australia and its related entities during the year ended 30 June 2015 related to technical accounting services for \$37,808.

### Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 for the year ended 30 June 2015 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 4th day of September 2015

## Auditor's Independence Declaration



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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 2015, 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

Ashley Butler  
Partner  
4 September 2015

## Consolidated Statement of Profit or Loss

for the year ended 30 June

	Note	2015 \$000's	2014 \$000's
Revenue	2	28,330	25,864
Cost of Sales		(16,807)	(14,354)
Gross Profit		11,523	11,510
Other income	2	329	101
Salaries and employee benefits expense		(6,464)	(6,252)
Depreciation and amortisation expense	3	(295)	(278)
Finance costs	3	(270)	(251)
Premises and office expenses		(1,245)	(1,013)
Travel and accommodation		(419)	(332)
Business insurance		(229)	(239)
Product registration & IP maintenance		(326)	(239)
Regulatory & quality assurance costs		(104)	(136)
Other expenses from ordinary activities		(889)	(795)
Total Expenses		(10,241)	(9,535)
Profit before income tax expense		1,611	2,076
Income tax (expense)/benefit	4	510	(55)
<b>Profit for the Year</b>		<b>2,121</b>	<b>2,021</b>
Profit attributable to members of the parent		2,121	2,021
<b>Earnings per Share</b>	7		
Basic profit per share (cents per share)		2.50 cents	2.41 cents
Diluted profit per share (cents per share)		2.50 cents	2.41 cents

The accompanying notes form part of these financial statements

## Consolidated Statement of Comprehensive Income

for the year ended 30 June

	Note	2015 \$000's	2014 \$000's
<b>Profit</b>		<b>2,121</b>	<b>2,021</b>
<b>Other Comprehensive Income</b>			
<b>Items that may be reclassified subsequently to Profit or Loss</b>			
Exchange differences on translating foreign operations		238	(206)
Income tax effect		-	-
			(206)
<b>Items that will not be reclassified subsequently to Profit or Loss</b>			
Fair Value Revaluation of Land & Buildings	13 (b)	-	(109)
Income tax effect		-	27
		-	(82)
<b>Other comprehensive income for the period, net of tax</b>		<b>238</b>	<b>(288)</b>
<b>Total comprehensive income attributable to members of the parent</b>		<b>2,359</b>	<b>1,733</b>

The accompanying notes form part of these financial statements

## Consolidated Balance Sheet

as at 30 June

	Note	2015 \$000's	2014 \$000's
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	1,103	122
Trade and other receivables	9	4,694	3,791
Inventories	10	5,645	4,369
Other current assets	11	1,007	679
		12,449	8,961
Assets classified as held for sale	12	-	1,050
<b>TOTAL CURRENT ASSETS</b>		<b>12,449</b>	<b>10,011</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	6,371	4,835
Product tooling	14	600	431
Intangible assets	15	466	549
Deferred tax assets	18	1,937	1,383
		9,374	7,198
<b>TOTAL NON-CURRENT ASSETS</b>		<b>9,374</b>	<b>7,198</b>
<b>TOTAL ASSETS</b>		<b>21,823</b>	<b>17,209</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	3,088	2,410
Borrowings	17	2,279	2,430
Current tax liabilities	18	-	-
Short-term provisions	19	811	728
		6,178	5,568
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,178</b>	<b>5,568</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	17	3,366	1,273
Long-term provisions	19	400	373
		3,766	1,646
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>3,766</b>	<b>1,646</b>
<b>TOTAL LIABILITIES</b>		<b>9,944</b>	<b>7,214</b>
<b>NET ASSETS</b>		<b>11,879</b>	<b>9,995</b>
<b>EQUITY</b>			
Issued capital	20	29,474	29,096
Foreign currency translation reserve	21	(948)	(1,186)
Share Based Payment Reserve	21	-	-
Asset revaluation reserve	21	-	48
Accumulated losses		(16,647)	(17,963)
		11,879	9,995
<b>TOTAL EQUITY</b>		<b>11,879</b>	<b>9,995</b>

The accompanying notes form part of these financial statements



## 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	Asset Revaluation Reserve \$000's	Accum. Losses \$000's	Total \$000's
<b>Balance at 1 July 2014</b>	29,096	-	(1,186)	48	(17,963)	9,995
Profit for the period	-	-	-	-	2,121	2,121
Other comprehensive income	-	-	238	-	-	238
Total comprehensive income for the year	-	-	238	-	2,121	2,359
Transactions with owners in their capacity as owners:						
Transfer to retained earnings	-	-	-	(48)	48	-
Dividend Payment	-	-	-	-	(853)	(853)
Share Buy-back	(206)	-	-	-	-	(206)
Transaction Costs	(1)	-	-	-	-	(1)
Share based payments	585	-	-	-	-	585
<b>Balance at 30 June 2015</b>	<b>29,474</b>	<b>-</b>	<b>(948)</b>	<b>-</b>	<b>(16,647)</b>	<b>11,879</b>
<b>Balance at 1 July 2013</b>	30,333	222	(980)	448	(19,224)	10,799
Profit for the period	-	-	-	-	2,021	2,021
Other comprehensive income	-	-	(206)	-	-	(206)
Total comprehensive income for the year	-	-	(206)	-	2,021	1,815
Transactions with owners in their capacity as owners:						
Transfer to retained earnings	-	-	-	(318)	318	-
Dividend Payment	-	-	-	-	(1,078)	(1,078)
Asset Revaluation Reserve	-	-	-	(82)	-	(82)
Share Buy-back	(2,228)	-	-	-	-	(2,228)
Transaction Costs	(7)	-	-	-	-	(7)
Share based payments	998	(222)	-	-	-	776
<b>Balance at 30 June 2014</b>	<b>29,096</b>	<b>-</b>	<b>(1,186)</b>	<b>48</b>	<b>(17,963)</b>	<b>9,995</b>

\* refer to Note 20 (a) (iv)

The accompanying notes form part of these financial statements

## Consolidated Statement of Cash Flows

for the year ended 30 June

	Note	2015 \$000's	2014 \$000's
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		1,611	2,076
Non-cash items:			
Depreciation & amortisation	3	927	911
Net (gain)/loss on disposal of assets		(157)	17
Unrealised loss/(gain) on foreign currency transactions		156	(73)
Share based payments	20	585	776
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:			
(Increase) in trade and other receivables	9	(903)	(374)
(Increase) in other current assets	11	(328)	(300)
(Increase) in Inventories	10	(1,276)	(644)
Increase in trade and other payables	16	678	884
Increase in provisions	19	110	48
Income Tax Paid		(43)	(5)
Net cash flow from operating activities		1,360	3,316
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for product tooling	14	(225)	(82)
Payment for property, plant and equipment	13	(2,154)	(2,161)
Payment for intangible assets	15	(123)	(51)
Proceeds from the sale of property, plant and equipment		1,246	4
Net cash flow (used in) investing activities		(1,256)	(2,290)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	17	1,942	2,003
Payment for dividends	6	(853)	(1,078)
Payment for Share buyback	20	(207)	(2,235)
Net cash flow (used in) financing activities		882	(1,310)
<b>NET INCREASE (DECREASE) IN CASH HELD</b>		986	(284)
Net foreign exchange differences		(5)	(6)
Cash at beginning of period	8	122	412
<b>CASH AT END OF PERIOD</b>	8	1,103	122

The accompanying notes form part of these financial statements

## Notes to the consolidated 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 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.

#### **(a) Principles of Consolidation**

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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.

## Notes to the consolidated financial statements

### 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 *Financial Instruments: Recognition and Measurement* 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.

## Notes to the consolidated financial statements

### 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 based 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 *Operating Segments* are therefore as follows:

## Notes to the consolidated financial statements

### Note 1: Statement of Significant Accounting Policies (continued)

#### (c) Segment Reporting (continued)

##### **ITL BioMedical (formerly known as Innovative Products Group) (“BioMed”)**

BioMed designs, manufactures, markets and distributes a range of biological safety sampling devices and hospital single use devices for the global human healthcare market.

BioMed capabilities and expertise include development and commercialisation of new patented products from initial concept through to sales. The division 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.

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

BioMed 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”)**

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. Its 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 and other**

The corporate and other costs consist of the Board of Directors and head office costs but are not classified as a reportable segment under AASB 8.

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 29.

## Notes to the consolidated financial statements

### Note 1: Statement of Significant Accounting Policies (continued)

#### (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.

##### 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)	2.3%
Buildings	2.5%
Furniture & fittings	5 – 33.3%
Leasehold improvements	5 - 20%
Computer & office equipment	5 - 33.3%
Computer software	20 - 33.3%
Product development	5 - 20%
Product tooling	5 - 50%
Plant and equipment	5-20%

## Notes to the consolidated financial statements

### Note 1: Statement of Significant Accounting Policies (continued)

#### (e) Property, Plant and Equipment (continued)

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.

Operating lease payments are recognised as an operating expense in the profit or loss on a straight line basis over the lease term.



## Notes to the consolidated financial statements

### 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 include cash, receivables, payables and loans.

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.

## Notes to the consolidated financial statements

### Note 1: Statement of Significant Accounting Policies (continued)

#### (g) Financial Instruments (continued)

##### **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 of disposal 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.

## Notes to the consolidated financial statements

### 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-15	30-Jun-14
Spot rate		
AUD/MYR	2.8905	3.0247
AUD/USD	0.7655	0.9419
Average rate for the year ended 30 June		
AUD/MYR	2.8771	2.9550
AUD/USD	0.8318	0.9125

#### 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, whilst the Malaysia entity is measured in Malaysian Ringitts and the U.S.A. entity in US dollars.

#### 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.

## Notes to the consolidated financial statements

### 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 high quality corporate 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).

## Notes to the consolidated financial statements

### 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

## Notes to the consolidated financial statements

### 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 2015 there were unused tax losses of \$1,214 thousand for which no deferred tax asset has been recognised. The potential tax benefit of \$364 thousand has not been recognised.

###### *Inventory valuation*

Inventories are measured at the lower of cost and net realisable value. In the situation where excess or obsolete inventory is identified estimates for the net realizable values are made. 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.

## Notes to the consolidated financial statements

### Note 1: Statement of Significant Accounting Policies (continued)

#### (v) Critical Accounting Estimates and Judgements (continued)

##### (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.

###### *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 and to the particular asset that may lead to impairment. These include product and manufacturing performance, technology, economic and political environments and future product expectations. Impairment exists when the carrying amount of an asset exceeds its recoverable amount, which is the higher of its fair value less disposal costs and its value in use. Where an impairment trigger exists, the recoverable amount of the asset is determined.

#### (w) Fair value measurement

The Group measures financial instruments and certain non-financial assets at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 28.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.



## Notes to the consolidated financial statements

### Note 1: Statement of Significant Accounting Policies (continued)

#### (x) 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 effective for the current annual reporting period. There is no impact on the Group's financial statements.

AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* adds application guidance for AASB 132 Financial Instruments.

AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets* amends the disclosure requirements including those relating to fair value measurement.

AASB 2013-4 *Amendments to Australian Accounting Standards- Novation of Derivatives and Continuation of Hedge Accounting* amends AASB 139 regarding hedge accounting

Interpretation 21 *Levies* relates to when a liability to pay a levy is recognised.

AASB 1031 *Materiality* is an interim standard that cross references to other Standards that contain guidance on materiality.

AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*.

AASB 2014-1 *Part A – Annual Improvements 2010-2012 and 2011-2013 Cycles* set out amendments to Australian Accounting Standards arising from the issuance by IASB of IFRSs Annual Improvements.

#### ***New standards and interpretations not yet adopted:***

The following standards, which will become mandatory for the Consolidated Group's 30 June 2016 or subsequent 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 Group's future financial statements, but may impact disclosure:

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 2019 Financial Statements. The Consolidated Group has not yet determined the potential effect of the standard.

AASB 2014-3 *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations* amends AASB 11. It will become mandatory for the Consolidated Group's 30 June 2017 Financial Statements. The Consolidated Group has not yet determined the potential effect of the standard.

AASB 2014-4 *Clarification of Acceptable Methods of Depreciation and Amortisation* clarifies that revenue based methods are generally not appropriate. The amendment is not effective until 1 July 2016 and is not anticipated to have any impact on the Consolidated Group.

AASB 15 *Revenue from Contracts with Customers* establishes principles for reporting useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It will become mandatory for the Consolidated Group's 30 June 2018 Financial Statements. The Consolidated Group has not yet determined the potential effect of the standard. The IASB in its July 2015 meeting decided to confirm its proposal to defer the effective date of IFRS 15 (the international equivalent of AASB 15) from 1 January 2017 to 1 January 2018. The amendment to give effect to the new effective date for IFRS 15 is expected to be issued in September 2015. At this time, it is expected that the AASB will make a corresponding amendment to the effective date of AASB 15



## Notes to the consolidated financial statements

### Note 1: Statement of Significant Accounting Policies (continued)

#### (x) New and Revised Accounting Standards (continued)

AASB 2014-9 *Amendments to Australian Accounting Standards- Equity Method in Separate Financial statements* makes amendments to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. It will become mandatory for the Consolidated Group's 30 June 2017 Financial Statements. The Consolidated Group has not yet determined the potential effect of the standard.

AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture* makes amendments to address an inconsistency between AASB 10 and AASB 128. The amendment is not effective until 1 July 2016 and is not anticipated to have any impact on the Consolidated Group.

AASB 2015-1 *Amendments to Australian Accounting Standards- Annual Improvements to Australian Accounting Standards 2012-2014 Cycle* includes changes to AASB 5, AASB 7, AASB 119 and AASB 134. The amendment is not effective until 1 July 2016 and the Consolidated Group has not yet determined the potential effect of the standard.

AASB 2015-2 *Amendments to Australian Accounting Standards- Disclosure Initiative: Amendments to AASB 101* amends the presentation of financial statements. The amendment is not effective until 1 July 2016 and the Consolidated Group has not yet determined the potential effect of the standard.

AASB 2015-3 *Amendments to Australian Accounting Standards* arising from the Withdrawal of AASB 1031 Materiality. The amendment is effective 1 July 2015 and the Consolidated Group has not yet determined the potential effect of the standard.

AASB 2015-5 *Amendments to Australian Accounting Standards- Investment entities: Applying the Consolidation Exception*. The amendment is effective 1 July 2015 and is not anticipated to have any impact on the Consolidated Group.

## Notes to the consolidated financial statements

	2015 \$000's	2014 \$000's
<b>Note 2: Revenue and Other Income</b>		
<b>Revenue</b>		
ITL BioMedical	11,126	11,634
Healthcare Australia	18,626	14,981
Inter Segment	(1,422)	(751)
<b>Total Sales Revenue</b>	<b>28,330</b>	<b>25,864</b>
<b>Other Income</b>		
Gain on sale of property	245	-
Interest income	21	3
Other	63	98
<b>Total Other Income</b>	<b>329</b>	<b>101</b>
<b>Total Income</b>	<b>28,659</b>	<b>25,965</b>
<b>Note 3: Operating Result for the Year</b>		
Cost of Sales	16,807	14,354
	<b>16,807</b>	<b>14,354</b>
Depreciation of non-current assets*:		
Property, plant and equipment	659	645
Product tooling	77	75
<b>Total depreciation</b>	<b>736</b>	<b>720</b>
Amortisation of intangible assets	191	191
<b>Total Depreciation and Amortisation</b>	<b>927</b>	<b>911</b>
Less: Depreciation and Amortisation included in Cost of Sales	(632)	(633)
<b>Depreciation and amortisation expense</b>	<b>295</b>	<b>278</b>
* Refer to Notes 13 & 14 regarding reclassification of assets in 2013/14		
Finance costs	270	251
Legal fees	236	104
Audit, accounting and taxation services	204	152
Share-based payments expense	14	118
Post-employment benefits expense:		
Total post-employment benefits expenses	561	511
Expensed to cost of goods sold	(197)	(175)
<b>Post-employment benefits expense</b>	<b>364</b>	<b>336</b>
Rental expense on operating leases:		
- minimum lease payments	<b>565</b>	<b>511</b>

## Notes to the consolidated financial statements

	2015 \$000's	2014 \$000's
<b>Note 4: Income Tax (Benefit)/Expense</b>		
a. The components of tax (benefit)/expense comprise:		
Current tax	789	654
Deferred tax	(1,297)	(501)
Over provision in respect of prior years	(2)	(98)
	<u>(510)</u>	<u>55</u>
b. Amounts charged or credited direct to equity		
Tax on other comprehensive income items	-	-
	<u>-</u>	<u>-</u>
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	<u>1,611</u>	<u>2,076</u>
Prima facie tax payable/(benefit) on profit before income tax at 30% (2013: 30%)	483	623
<b>Add:</b>		
Tax effect of:		
- other non-allowable items	-	167
- share based payments	4	35
- non-deductible entertainment	1	1
- under provision for income tax in prior years	-	-
	<u>488</u>	<u>826</u>
<b>Less:</b>		
Tax effect of:		
- foreign tax rate adjustment	28	18
- other non-allowable items	179	-
- Over provision for income tax in prior years	2	98
- Utilisation of previously unrecognised tax losses	789	655
- Deferred tax asset not recognised	-	-
	<u>(510)</u>	<u>55</u>
Income tax (benefit)/expense	<u>(510)</u>	<u>55</u>
<i>The applicable weighted average effective tax rates are as follows:</i>	<i>(31.7%)</i>	<i>2.7%</i>

## Notes to the consolidated financial statements

### Note 4: 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.

	2015 \$000's	2014 \$000's
c. Unused tax losses for which no deferred tax asset has been recognised:	1,214	3,842
Potential tax benefit @ 30%	<b>364</b>	<b>1,153</b>

	2015 \$000's	2014 \$000's
<b>Note 5 Auditor's Remuneration:</b>		
Amounts received or due and receivable by Ernst & Young Australia for:		
An audit or review of the financial report of the entity and any other entity in the Consolidated Group	84	85
Other services in relation to the entity and any other entity in the Consolidated Group	10	-
Amounts received or due and receivable by related practices of Ernst & Young Australia for:		
An audit or review of the financial report of the entity and any other entity in the Consolidated Group	43	19
Other services in relation to the entity and any other entity in the Consolidated Group	28	-
	<b>165</b>	<b>104</b>

## Notes to the consolidated financial statements

	2015 \$000's	2014 \$000's
<b>Note 6: Dividends paid and proposed</b>		
Declared and paid during the year:		
Dividends on ordinary shares:		
Interim fully franked dividend for 2015: 0.5 cents per share (2014:0.5 cents per share)	426	419
Final fully franked dividend for 2014: 0.5 cents per share (2013: 0.75 cents per share)	427	659
<b>Dividends paid</b>	<b>853</b>	<b>1,078</b>
Declared after the year end:		
Final cash dividend for 2015: 0.25 cents per share (2014:0.5 cents per share fully franked)	212	427
Balance of franking account at year end	89	455
Franking debits that will arise from the payments of dividends as at the end of the financial year	(89)	(183)
	-	272

### Note 7: Earnings Per Share

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

EPS is calculated based on:

Profit for the year	2,121	2,021
	<b>000's</b>	<b>000's</b>
Weighted average number of ordinary shares used in the calculation of basic EPS	84,862	84,001
Weighted average number of options outstanding	-	-
Weighted average number of ordinary shares used in the calculation of dilutive EPS	84,862	84,001
<b>Earnings per share</b>	<b>2.50</b>	<b>2.41</b>

	2015 \$000's	2014 \$000's
<b>Note 8: Cash and Cash Equivalents</b>		
Cash on hand	2	1
Cash at bank	1,101	121
	<b>1,103</b>	<b>122</b>

The effective interest rate on short-term bank deposits was 0.1% (2014: 0.1%); these deposits are at call.

## Notes to the consolidated financial statements

### Note 9: Trade and other receivables

	2015 \$000's	2014 \$000's
<b>Current</b>		
Trade receivables	4,501	3,513
Allowance for impairment loss	(33)	(6)
Other receivables	226	283
Accrued revenue	-	1
	<b>4,694</b>	<b>3,791</b>

### 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.

	2015 \$000's	2014 \$000's
<b>Trade Receivables Ageing Analysis</b>		
Current	2,981	2,530
1 to 30 days	966	708
31 to 60 days	115	187
61 to 90 days	259	22
91 to 120 days	40	25
Over 120 days	140	41
Provisions for impairment	(33)	(6)
	<b>4,468</b>	<b>3,507</b>
Balances that are past due but not impaired	1,487	977

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	2,198	1,931
USA	882	719
United Kingdom	918	404
Puerto Rico	265	167
Other	205	286
	<b>4,468</b>	<b>3,507</b>

## Notes to the consolidated financial statements

### Note 9: 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:

	2015 \$000's	2014 \$000's
Balance at 1 July	6	1
Amounts written off	(1)	-
Charge for the year	28	5
Balance at 30 June	<b>33</b>	<b>6</b>

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 10: Inventories

	2015 \$000's	2014 \$000's
<b>Current</b>		
Raw materials and stores (at lower of cost and net realisable value)	2,944	1,814
Work in progress (at cost)	300	186
Finished goods (at lower of cost and net realisable value)	2,401	2,369
	<b>5,645</b>	<b>4,369</b>

At 30 June 2015 inventory provisions were \$321k (2014:\$354k)

### Note 11: Other current assets

Loan to Related Party*	470	101
Deposits to suppliers	157	171
Prepayments	380	407
	<b>1,007</b>	<b>679</b>

\* Refer to Note 26 for details

### Note 12: Assets classified as held for sale

Quantitative disclosure fair value measurement hierarchy for assets classified as held for sale as at 30 June:

	Quoted prices in active markets (Level 1 )	Fair value measurement using Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Land and buildings held for sale 2015	-	-	-
Land and buildings held for sale 2014	-	1,050	-

On 27 June 2014 a Sale & Purchase Agreement (subject to regulatory approvals) was executed for the sale of the existing leasehold land and buildings at Lahat in Perak, Malaysia for a sale price of \$1.3m (RM4.0m). Settlement for this sale was completed on 15 December 2014.

## Notes to the consolidated financial statements

### Note 13: Property, Plant and Equipment

	2015 \$000's	2014 \$000's
<b>Land and buildings</b>		
Land and buildings at valuation	1,292	1,234
Less: accumulated depreciation	(48)	(15)
Total land and buildings at valuation	<b>1,244</b>	<b>1,219</b>
<b>Total land and buildings</b>	<b>1,244</b>	<b>1,219</b>
<b>Plant and equipment</b>		
Furniture & fittings at cost	399	386
Less : accumulated depreciation	(223)	(331)
Total furniture & fittings	<b>176</b>	<b>55</b>
Computer & office equipment at cost	882	742
Less : accumulated depreciation	(601)	(609)
Total computer & office equipment	<b>281</b>	<b>133</b>
Plant & Equipment at Cost	6,416	5,874
Less : accumulated depreciation	(3,636)	(3,523)
Total Plant & Equipment at Cost	<b>2,780</b>	<b>2,351</b>
Leasehold improvements at cost	3,677	2,064
Less : accumulated depreciation	(1,787)	(1,543)
Total leasehold improvements	<b>1,890</b>	<b>521</b>
Construction in Progress	-	<b>556</b>
<b>Total plant and equipment</b>	<b>5,127</b>	<b>3,616</b>
<b>Total property, plant and equipment</b>	<b>6,371</b>	<b>4,835</b>



## Notes to the consolidated financial statements

### Note 13: 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:

	Land and Buildings \$000's	Furniture and fittings \$000's	Computer and office equipment \$000's	Plant and Equipment \$000's	Leasehold improve- ments \$000's	Constructi on in Progress (c) \$000's	Total \$000's
<b>Cost or Valuation</b>							
<b>At 30 June 2013</b>	<b>1,235</b>	<b>403</b>	<b>722</b>	<b>-</b>	<b>4,942</b>	<b>-</b>	<b>7,302</b>
Additions	1,234	7	51	265	5	556	2,118
Reclassification*	-	-	-	5,756	(2,824)	-	2,932
Revaluation (b)	(133)	-	-	-	(56)	-	(189)
Exchange Differences	(44)	(13)	(10)	(138)	(3)	-	(208)
Disposals	-	(11)	(21)	(9)	-	-	(41)
Transfer+	(1,058)	-	-	-	-	-	(1,058)
<b>At 30 June 2014</b>	<b>1,234</b>	<b>386</b>	<b>742</b>	<b>5,874</b>	<b>2,064</b>	<b>556</b>	<b>10,856</b>
Additions	-	18	97	328	125	1,586	2,154
Exchange Differences	58	21	14	138	-	26	257
Disposals	-	(170)	(94)	(337)	-	-	(601)
Transfer+	-	144	123	413	1,488	(2,168)	-
<b>At 30 June 2015</b>	<b>1,292</b>	<b>399</b>	<b>882</b>	<b>6,416</b>	<b>3,677</b>	<b>-</b>	<b>12,666</b>
<b>Accumulated Amortisation</b>							
<b>At 30 June 2013</b>	<b>54</b>	<b>328</b>	<b>586</b>	<b>-</b>	<b>2,326</b>	<b>-</b>	<b>3,294</b>
Depreciation	41	22	50	299	233	-	645
Reclassification*	-	-	-	3,345	(1,010)	-	2,335
Revaluation (b)	(74)	-	-	-	(6)	-	(80)
Exchange Differences	2	(10)	(6)	(113)	-	-	(127)
Disposals	-	(9)	(21)	(8)	-	-	(38)
Transfer+	(8)	-	-	-	-	-	(8)
<b>At 30 June 2014</b>	<b>15</b>	<b>331</b>	<b>609</b>	<b>3,523</b>	<b>1,543</b>	<b>-</b>	<b>6,021</b>
Depreciation	32	20	63	300	244	-	659
Exchange Differences	1	17	11	109	-	-	138
Disposals	-	(145)	(82)	(296)	-	-	(523)
<b>At 30 June 2015</b>	<b>48</b>	<b>223</b>	<b>601</b>	<b>3,636</b>	<b>1,787</b>	<b>-</b>	<b>6,295</b>
<b>Net Book Value</b>							
30 June 2014	1,219	55	133	2,351	521	556	4,835
30 June 2015	1,244	176	281	2,780	1,890	-	6,371

\*Plant and equipment has been reclassified from Leasehold Improvements and Product Tooling to provide more meaningful information

+ Transfer to assets classified as held for sale (see Note 12)

## Notes to the consolidated financial statements

### Note 13: Property, Plant and Equipment (continued)

#### (b) Revaluation

On 19 February 2014 the Board of ITL Asia Pacific Sdn Bhd resolved to revalue the existing leasehold land and buildings in Ipoh, Malaysia at RM3,200 thousand (\$1,058 thousand). This was based on a valuation indication obtained from DeOne Properties Sdn Bhd. Fair value for the assets was determined using the sales comparison approach. The key inputs under this approach are the price per square metre from the current financial year sales of comparable leasehold land and buildings in the area. The management considers this to be a Level 2 valuation based on significant observable valuation inputs. The resultant loss before tax of RM305k (\$109 thousand) was debited to the existing Asset Revaluation Reserve. These were held as assets classified as held for sale at 30 June 2014 and subsequently sold 15 December 2014.

#### (c) Construction in Progress

Additions to Land and Buildings includes \$556 thousand as at 30 June 2014 relating to the expansion by ITL Asia Pacific Sdn Bhd of the newly acquired factory at Bemban in Malaysia.

	2015 \$000's	2014 \$000's
<b>Note 14: Product Tooling</b>		
Product tooling:		
At cost	1,176	917
Less : accumulated depreciation	(576)	(486)
Total product tooling	<u>600</u>	<u>431</u>

### Movements in carrying amounts

Movement in the carrying amounts for product tooling between the beginning and the end of the current financial year:

<b>Cost or Valuation</b>	<b>\$000's</b>
<b>At 30 June 2013</b>	<b>3,794</b>
Additions	95
Exchange Differences	(37)
Disposals	(3)
Reclassification*	(2,932)
<b>At 30 June 2014</b>	<b>917</b>
Additions	225
Exchange Differences	38
Disposals	(4)
<b>At 30 June 2015</b>	<b>1,176</b>
<b>Accumulated Amortisation</b>	
<b>At 30 June 2013</b>	<b>2,765</b>
Amortisation	75
Exchange Differences	(18)
Disposals	(1)
Reclassification*	(2,335)
<b>At 30 June 2014</b>	<b>486</b>
Amortisation	77
Exchange Differences	17
Disposals	(4)
<b>At 30 June 2015</b>	<b>576</b>
<b>Net Book Value</b>	
30 June 2014	431
30 June 2015	600

\*Plant and equipment has been reclassified from Leasehold Improvements and Product Tooling to provide more meaningful information

## Notes to the consolidated financial statements

	2015 \$000's	2014 \$000's
<b>Note 15: Intangible Assets</b>		
Business development software at cost	1,217	1,246
Less: accumulated amortisation	(1,009)	(1,071)
	<b>208</b>	<b>175</b>
Patents, trademarks and licenses at cost	1,594	1,590
Less: accumulated amortisation	(1,336)	(1,321)
	<b>258</b>	<b>269</b>
Product development at cost	764	764
Less: accumulated amortisation	(764)	(659)
	<b>-</b>	<b>105</b>
	<b>466</b>	<b>549</b>

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.

### 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:

	Product Development \$000's	Business Development software \$000's	Patents, trademarks and licenses \$000's	Total \$000's
<b>Cost or Valuation</b>				
<b>At 30 June 2013</b>	<b>764</b>	<b>1,262</b>	<b>1,530</b>	<b>3,556</b>
Additions	-	1	80	81
Exchange Differences	-	(11)	-	(11)
Disposals	-	(6)	(20)	(26)
<b>At 30 June 2014</b>	<b>764</b>	<b>1,246</b>	<b>1,590</b>	<b>3,600</b>
Additions	-	84	39	123
Exchange Differences	-	10	-	10
Disposals	-	(123)	(35)	(158)
<b>At 30 June 2015</b>	<b>764</b>	<b>1,217</b>	<b>1,594</b>	<b>3,575</b>
<b>Accumulated Amortisation</b>				
<b>At 30 June 2013</b>	<b>553</b>	<b>1033</b>	<b>1292</b>	<b>2,878</b>
Amortisation	106	54	31	191
Exchange Differences	-	(10)	-	(10)
Disposals	-	(6)	(2)	(8)
<b>At 30 June 2014</b>	<b>659</b>	<b>1071</b>	<b>1321</b>	<b>3,051</b>
Amortisation	105	52	34	191
Exchange Differences	-	10	-	10
Disposals	-	(124)	(19)	(143)
<b>At 30 June 2015</b>	<b>764</b>	<b>1009</b>	<b>1,336</b>	<b>3,109</b>
<b>Net Book Value</b>				
30 June 2014	105	175	269	549
30 June 2015	-	208	258	466

## Notes to the consolidated financial statements

	2015 \$000's	2014 \$000's
<b>Note 16: Trade and Other Payables</b>		
<b>Current</b>		
<i>Unsecured liabilities</i>		
Trade payables	1,531	990
Sundry payables and accrued expenses	1,557	1,420
	<b>3,088</b>	<b>2,410</b>

	2015 \$000's	2014 \$000's
<b>Note 17: Borrowings</b>		
<b>Current</b>		
<i>Secured liabilities</i>		
Bank overdraft	-	350
Bankers Acceptances	1,257	1,689
Bank loans	873	254
Non-bank finance	149	137
	<b>2,279</b>	<b>2,430</b>

<b>Non Current</b>		
<i>Secured liabilities</i>		
Bank loans	3,259	1,273
Non-bank finance	107	-
	<b>3,366</b>	<b>1,273</b>

Bank overdraft	-	350
Bankers acceptances	1,257	1,689
Bank loans	4,132	1,527
Non-bank finance	256	137
<b>Total Borrowings</b>	<b>5,645</b>	<b>3,703</b>

**The carrying amounts of assets pledged as security are:**

First mortgage		
Land and buildings	1,244	2,825
Other assets pledged as security	20,262	14,384
<b>Total assets pledged as security</b>	<b>21,506</b>	<b>17,209</b>

ITL Asia Pacific Sdn Bhd has bank overdraft, bankers' acceptances, term loan and other finance facilities including a bank guarantee equivalent to \$19,030 provided to a third party. These facilities are secured by registered 1<sup>st</sup> to 3<sup>rd</sup> legal charges over the company's factory at Bemban in Malaysia, 1<sup>st</sup> to 9<sup>th</sup> debenture charges over both current & future fixed and floating assets of the company and parent entity corporate guarantees.

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.

## Notes to the consolidated financial statements

Note 18: Tax Assets / (Liabilities)	2015 \$000's	2014 \$000's			
<b>Current</b>					
Income tax receivable	-	-			
Income tax payable	-	-			
<b>Non-Current</b>					
	Opening Balance \$000's	Charged to Income \$000's	Charge d to Equity \$000's	Exchange Diffs. \$000's	Closing Balance \$000's
<b>Deferred Tax Asset</b>					
Property, Plant & Equipment	682	(59)	-	-	623
Future income tax benefits attributable to tax losses	-	-	-	-	-
R&D eligible expenditure	482	328	-	-	810
Other	219	285	-	-	504
Balance at 30 June 2015	<b>1,383</b>	<b>554</b>	-	-	<b>1,937</b>
Property, Plant & Equipment	757	(75)	-	-	682
Future income tax benefits attributable to tax losses	-	-	-	-	-
R&D eligible expenditure	237	245	-	-	482
Other	401	(182)	-	-	219
Balance at 30 June 2014	<b>1,395</b>	<b>(12)</b>	-	-	<b>1,383</b>

<b>Note 19: Provisions</b>		<b>2015</b>	<b>2014</b>
		<b>\$000's</b>	<b>\$000's</b>
<b>Short-term</b>			
Employee benefits		<b>811</b>	<b>728</b>
<b>Long-term</b>			
Employee benefits		67	46
Make good provision		333	327
		<b>400</b>	<b>373</b>

Movement in the make good provision is as follows: -

	<b>2015</b>	<b>2014</b>
	<b>\$000's</b>	<b>\$000's</b>
Balance at 1 July	327	314
Unwinding of provision	-	-
Discount rate adjustment	-	1
Increase in provisions	6	12
Balance at 30 June	<b>333</b>	<b>327</b>

### 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.

## Notes to the consolidated financial statements

	2015 \$000's	2014 \$000's
<b>Note 20: Issued Capital</b>		
<b>a. Ordinary shares</b>		
At beginning of reporting period	29,096	30,333
Share Buy back (i)	(206)	(2,228)
Transaction costs net of tax (ii)	(1)	(7)
Shares issued during the period (share based payments) (iii) (iv)	585	998
	<b>29,474</b>	<b>29,096</b>
	<b>No. 000's</b>	<b>No. 000's</b>
At beginning of reporting period	82,760	86,597
Share Buy back (i)	(939)	(7,303)
Shares issued during the period (share based payments) (iii)	2,857	3,466
	<b>84,678</b>	<b>82,760</b>

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

	2015	2014
(i) Buy back average price	\$0.220	\$0.305
Buy back price range	\$0.200-\$0.225	\$0.200-\$0.320
Total cost of buy back \$'000s	206	2,228

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

(iii) The Executive Share Plan ("ESP") was approved at the 31 October 2014 Annual General Meeting for the three year period to 30 October 2017. Under the ESP, and following approvals obtained at the 31 October 2014 Annual General Meeting, 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 lesser of the volume weighted average of ITL prices during the 12 month period preceding the issue date and the current market price. Under the ESP there was one issue to key management personnel during the year ended 30 June 2015. This was recorded in the accounts at fair value which was the market price of the ITL shares on the day of the issue. Details are as follows:

	2015	2014
• 12/8/2013 - issue price		\$0.233
- fair value		\$0.285
• 1/11/2013 - issue price		\$0.263
- fair value		\$0.300
• 14/8/2014 - issue price	\$0.200	
- fair value	\$0.205	

(iv) Shares issued of \$998,000 during year ended 30 June 2014 included \$222,000 accrued at 30/6/13 as a Share Based Payments Reserve in respect of future planned share issues. The balance of \$776,000 is consistent with the number shown in the Statement of Cash Flows. At 30 June 2015 there are no future planned share issues.

## Notes to the consolidated financial statements

### Note 20: Issued Capital (continued)

#### 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.

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:

	<b>Note</b>	<b>2015 \$000's</b>	<b>2014 \$000's</b>
Total borrowings	17	5,645	3,703
Less cash and cash equivalents	8	(1,103)	(122)
Net debt		4,542	3,581
Total equity		11,879	9,995
Total Net Debt and Equity		16,421	13,576
Gearing ratio (Net Debt/Net Debt + Equity)		28%	26%

### Note 21: Reserves

	<b>Note</b>	<b>2015 \$000's</b>	<b>2014 \$000's</b>
<b>(a) Foreign Currency Translation Reserve</b>			
At beginning of year		(1,186)	(980)
Foreign Currency translation differences		238	(206)
		(948)	(1,186)
<b>(b) Asset Revaluation Reserve</b>			
At beginning of year		48	448
Fair value revaluation of land and buildings		-	(82)
Transfer to Retained Earnings		(48)	(318)
		-	48
<b>(c) Share based Payments Reserve</b>			
At beginning of year		-	222
Share based payment recognised		-	-
Transfer to retained earnings		-	(222)
		-	-

## Notes to the consolidated financial statements

### Note 21: 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) Share Based Payment Reserve

The share based payment reserve records the value of share based payments for future share issues.

	2015 \$000's	2014 \$000's
<b>Note 22 Capital and Leasing Commitments</b>		
<b>(a) Property rent and lease commitments</b>		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable		
- not later than 1 year	588	562
- later than 1 year but not later than 5 years	135	711
- later than 5 years	-	-
	<u>723</u>	<u>1,273</u>
Property rent and lease commitments are non-cancellable and primarily relate to office premises in Australia and USA. The Australian property's lease operates until 30 September 2016.		
<b>(b) Operating lease commitments</b>		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable		
- not later than 1 year	16	16
- later than 1 year but not later than 5 years	15	30
- later than 5 years	-	-
	<u>31</u>	<u>46</u>
Operating lease relates to office equipment; the terms are due to run out within the next one to 4 years.		
<b>(c) Capital Commitments</b>		
Payable		
- not later than 1 year	119	1,271
- later than 1 year but not later than 5 years	-	-
- later than 5 years	-	-
	<u>119</u>	<u>1,271</u>
Capital commitments relate to plant & equipment in Healthcare Australia and upgrade to ERP system		



## Notes to the consolidated financial statements

	2015 \$000's	2014 \$000's
<b>Note 23: Cash Flow Information</b>		
<b>(a) Credit Standby Arrangements with Banks</b>		
Credit facility	1,417	1,376
Amount utilised	-	(350)
	<u>1,417</u>	<u>1,026</u>

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**

Loan facility	4,591	3,129
Amount utilised	(4,132)	(1,527)
	<u>459</u>	<u>1,602</u>

The bank loan 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.

### **(c) Bankers Acceptances**

Credit facility	1,365	1,689
Amount utilised	(1,257)	(1,689)
	<u>108</u>	<u>-</u>

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**

Credit facility	256	137
Amount utilised	(256)	(137)
	<u>-</u>	<u>-</u>

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. The Group also has arranged financing with a specialist IT financing institution for IT infrastructure projects. Rates are fixed.

## Notes to the consolidated financial statements

### Note 24: 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 17: Borrowings.

### Note 25: Controlled Entities

#### (a) Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%) 2015	Percentage Owned (%) 2014
<b>Ultimate Parent Entity</b>			
ITL Limited	Australia	-	-
<b>Subsidiaries of ITL Limited:</b>			
ITL Corporation Pty Limited	Australia	100%	100%
Noble House Group Pty Limited	Australia	100%	100%
ITL North America Inc	USA	100%	100%
ITL Asia Pacific Sdn Bhd	Malaysia	100%	100%
ITL Healthcare Pty Limited	Australia	100%	100%
<b>Subsidiaries of ITL Healthcare Pty Limited:</b>			
Surgicare Pty Limited	Australia	100%	100%

#### (b) Controlled Entities Acquired - Nil

#### (c) 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	
	2015 \$'000	2014 \$'000
Profit before income tax	1,848	2,077
Income tax benefit	335	15
Profit after tax	2,183	2,092
Accumulated losses at beginning of the period	(18,652)	(19,984)
Dividends Paid	(853)	(1,078)
Transfer from asset revaluation reserve	-	318
Accumulated losses at the end of the period	(17,322)	(18,652)

## Notes to the consolidated financial statements

### Note 25: Controlled Entities (continued)

#### (c) Entities subject to class order relief (continued)

##### Consolidated Balance Sheet

	Closed Group	
	2015	2014
	\$'000	\$'000
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	709	43
Trade and other receivables	5,088	3,836
Inventories	4,114	3,294
Other current assets	228	235
<b>TOTAL CURRENT ASSETS</b>	<b>10,139</b>	<b>7,408</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	2,202	2,336
Product tooling	23	17
Intangible assets	372	534
Investments	4,770	4,770
Deferred tax assets	1,971	1,636
<b>TOTAL NON-CURRENT ASSETS</b>	<b>9,338</b>	<b>9,293</b>
<b>TOTAL ASSETS</b>	<b>19,477</b>	<b>16,701</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	2,005	1,570
Borrowings	789	660
Intercompany Payables	1,799	2,392
Intercompany Loans	301	225
Short-term provisions	672	646
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,566</b>	<b>5,493</b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	1,359	391
Long-term provisions	400	373
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,759</b>	<b>764</b>
<b>TOTAL LIABILITIES</b>	<b>7,325</b>	<b>6,257</b>
<b>NET ASSETS</b>	<b>12,152</b>	<b>10,444</b>
<b>EQUITY</b>		
Issued capital	29,474	29,096
Share Payments Reserve	-	-
Asset revaluation reserve	-	-
Accumulated losses	(17,322)	(18,652)
<b>TOTAL EQUITY</b>	<b>12,152</b>	<b>10,444</b>

## Notes to the consolidated financial statements

### Note 26: Related Party Transactions

Transactions with related parties are on terms equivalent to an arm's length transaction unless otherwise stated.

Transactions with related parties:

(i) **Ultimate Parent Company** - Nil

(ii) **Entities within wholly owned group** - Nil

(iii) **Directors**

		Interest Receivable	Amounts owed
		\$'000	\$'000
Loan to Director	2015	19	470
	2014	1	101

On 20 March 2015 ITL Limited entered into a revised loan agreement with Mr. W. Mobbs, Executive Chairman. The loan facility amount of \$450,000 was fully drawn at 30 June 2015. Interest is payable at 12% and there was accrued interest of \$19,944 at 30 June 2015. The repayment is the earlier of 30 June 2016 and the day ITL completes the subscription for options to be issued in new fully paid ordinary shares in MyHealthTest Pty Ltd with an aggregate subscription price of \$450,000.

		Sales	Amounts owed
		\$'000	\$'000
Transactions - other directors' interests	2015	20	-
	2014	8	-

During the year ITL Corporation Pty Ltd provided services at market price for \$20,160 to MyHealthTest Pty Ltd. The latter is a company whose majority shareholding is controlled by Mr W Mobbs.

(iv) **Key Management Personnel**

The totals of remuneration paid to KMP of the Company and the Group during the year are:

	2015 \$'000's	2014 \$'000's	2013 \$'000's
Short term employee benefits	1,406	1,082	1,051
Post-employment benefits	44	42	3
Long term benefits	6	9	
Share Based Payments - Shares	385	757	79
<b>Total KMP Remuneration</b>	<b>1,841</b>	<b>1,890</b>	1,883

## Notes to the consolidated financial statements

### **Note 27: Events After Balance Sheet Date**

On 11 August 2015 ITL Limited ("ITL") entered in to a Deed of Amendment and Restatement of Subscription and Option Agreement with MyHealthTest Pty Ltd ("MHT") and its shareholders. This amended the 29 April 2015 Agreement, details of which were contained in an ASX Announcement. This relates to a strategic investment in MHT, a direct to consumer pathology test provider, through a series of call options which provide an exclusive opportunity for ITL to acquire up to 100% of MHT. In addition to deferred timelines, the amendments primarily related to:

- Change in composition of exercise price for call options over all existing MHT shares from \$200,000 cash and \$1,800,000 in ITL shares (issue price as defined) to 100% i.e. \$2,000,000 in ITL shares (issue price as defined); and,
- Inclusion of milestones that must be achieved by MHT as a condition for ITL to exercise these options.

On 18 August 2015, ITL Limited declared a final dividend of 0.25 cents per share with payment made 3 September 2015.

On 2 September 2015, ITL Limited ("ITL") entered in to a Deed of Further Amendment and Restatement of Subscription and Option Agreement with MyHealthTest Pty Ltd ("MHT") and its shareholders conditional on ITL obtaining shareholder approval at a General Meeting. This amended the 11 August 2015 Agreement which related to a strategic investment in MHT, a direct to consumer pathology test provider, through a series of call options which provided an exclusive opportunity for ITL to acquire up to 100% of MHT. Details of what is now termed the "Subscription and Sale Agreement" were contained in an ASX Announcement and are summarised as follows:

- Subscription of \$450,000 for the issue of 450 new shares by MHT; and,
- Acquisition of 100% of existing shares in MHT in exchange for ITL shares. The latter amount is calculated by dividing \$2,000,000 by an issue price of \$0.20.

At the close of 3 September 2015, nil ordinary shares have been bought back since 30 June 2015.

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 28: 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.

## Notes to the consolidated financial statements

### Note 28: Financial Risk Management (continued)

#### (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 2015 approximately 5% (2014: 4%) of the Group's debt of \$5,645k (2014: \$3,703k) 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	
	2015	2014	2015 \$000's	2014 \$000's
Floating rate instruments	5.83%	4.74%	5,389	3,566
Fixed rate instruments	7.76%	9.89%	256	137
			<b>5,645</b>	<b>3,703</b>

#### (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.

#### (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.

## Notes to the consolidated financial statements

### Note 28: Financial Risk Management (continued)

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.

2015 \$'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	5.10-5.39%	-	1,257	-	-	-	1,257
Bank loans	4.95-8.60%	-	873	885	1,270	1,104	4,132
Non-bank loans	4.00-7.47%	-	148	27	81	-	256
Trade and other payables	-	-	3,088	-	-	-	3,088
Bank guarantees	-	204	-	-	-	-	204
<b>Total Financial Liabilities</b>		204	5,366	912	1,351	1,104	8,937

  

2014 \$'000	Interest Rate range	On demand	Due < 1 year	Due 1 – 2 years	Due 2 – 5 years	Due > 5 years	Total
Bank overdraft	8.63%	-	350	-	-	-	350
Bankers Acceptances	4.85-5.10%	-	1,689	-	-	-	1,689
Bank loans	4.70-7.21%	-	254	258	498	517	1,527
Non-bank loans	9.89%	-	137	-	-	-	137
Trade and other payables	-	-	2,410	-	-	-	2,410
Bank guarantees	-	246	-	-	-	-	246
<b>Total Financial Liabilities</b>		246	4,840	258	498	517	6,359

#### (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 9, and bank balances, as reported in note 8, 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 2015. Credit risk from balances with banks is managed by Head Office and at 30 June 2015 62% of cash balances were held with Commonwealth Bank of Australia, 32% with Maybank, 5% with Citibank and 1% with National Australia Bank.

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.

#### 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.

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.

## Notes to the consolidated financial statements

### Note 28: Financial Risk Management (continued)

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.

Fair values are materially in line with carrying values. Management has assessed that cash and cash equivalents, trade and other receivables, trade and other payables, bank overdrafts and fixed rate loans approximate their carrying amounts largely due to the short term maturity of these instruments.

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

	<b>Carrying amount 2015 \$000's</b>	<b>Fair value 2015 \$000's</b>	<b>Carrying amount 2014 \$000's</b>	<b>Fair value 2014 \$000's</b>
Financial Assets				
Cash and cash equivalents	1,103	1,103	122	122
Trade and other receivables	4,694	4,694	3,797	3,791
	<u>5,797</u>	<u>5,797</u>	<u>3,919</u>	<u>3,913</u>
Financial Liabilities				
Trade and other payables	3,088	3,088	2,410	2,410
Other loans and amounts due	5,645	5,645	3,703	3,703
	<u>8,733</u>	<u>8,733</u>	<u>6,113</u>	<u>6,113</u>

Management has assessed that cash and cash equivalents, trade and other receivables, trade and other payables, bank overdrafts and fixed rate loans approximate their carrying amounts largely due to the short term maturity of these instruments.

### 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:

	<b>2015 \$000's</b>	<b>2014 \$000's</b>
Total Floating Rate Borrowings	5,389	3,566
Less Cash and Cash Equivalents	(1,103)	(122)
Net Debt/(Cash)	<u>4,286</u>	<u>3,444</u>



## Notes to the consolidated financial statements

### Note 28: Financial Risk Management (continued)

For year ended 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:

	2015 \$000's	2014 \$000's
<u>Change in profit after tax</u>		
Increase in interest rates by 1%	(30)	(24)
Decrease in interest rates by 1%	30	24
<u>Change in equity</u>		
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 2015, the Group had the following material exposure to foreign currency that is not designated in cash flow hedges:

		2015 000's	2014 000's
Trade & Other Receivables	USD	2,397	1,594
	MYR	25	13
Trade & Other Payables	USD	232	268
	EUR	489	121
	MYR	2,942	2,078

For year ended 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:

	2015 \$000's	2014 \$000's
<u>Change in profit after tax</u>		
Increase in AUD to USD by 5%	(118)	(180)
Increase in AUD to MYR by 5%	219	213
Increase in AUD to EUR by 5%	64	51
Decline in AUD to USD by 5%	118	180
Decline in AUD to MYR by 5%	(219)	(213)
Decline in AUD to EUR by 5%	(64)	(51)
<u>Change in equity</u>		
Increase in AUD to USD by 5%	(11)	(5)
Increase in AUD to MYR by 5%	(226)	(211)
Decline in AUD to USD by 5%	11	5
Decline in AUD to MYR by 5%	226	211

It should be noted that the above impacts are primarily as a result of exposure to Malaysian Ringgit 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.

## Notes to the consolidated financial statements

### Note 29: 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 2015 and 30 June 2014.

#### Year ended 30 June 2015

	<b>BioMed</b>	<b>HCA</b>	<b>Total Segments</b>	<b>Corporate &amp; Other</b>	<b>Adjusts and Elims</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>						
External Customers	9,704	18,626	28,330	-	-	28,330
Inter Segment	1,422	-	1,422	-	(1,422)	-
	<b>11,126</b>	<b>18,626</b>	<b>29,752</b>	<b>-</b>	<b>(1,422)</b>	<b>28,330</b>
Gain on sale of property	245	-	245	-	-	245
Other Revenue	20	43	63	-	-	63
Interest Revenue	2	-	2	19	-	21
	<b>267</b>	<b>43</b>	<b>310</b>	<b>19</b>	<b>-</b>	<b>329</b>
<b>Total segment revenue</b>	<b>11,393</b>	<b>18,669</b>	<b>30,062</b>	<b>19</b>	<b>(1,422)</b>	<b>28,659</b>
<b>Result</b>						
Segment results *	1,918	1,134	3,052	(1,067)	(125)	1,860
<b>Earnings Before Interest and Tax *</b>	<b>1,918</b>	<b>1,134</b>	<b>3,052</b>	<b>(1,067)</b>	<b>(125)</b>	<b>1,860</b>
Interest revenue	2	-	2	19	-	21
Interest expense	(115)	(145)	(260)	(10)	-	(270)
Income tax expense	(400)	(259)	(659)	1,169	-	510
<b>Total segment results *</b>	<b>1,405</b>	<b>730</b>	<b>2,135</b>	<b>111</b>	<b>(125)</b>	<b>2,121</b>

\* Includes Corporate recharges to each segment

## Notes to the consolidated financial statements

### Note 29: Operating Segments (continued)

#### Year ended 30 June 2014

	<b>BioMed</b>	<b>HCA</b>	<b>Total Segments</b>	<b>Corporate &amp; Other</b>	<b>Adjusts and Elims</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>						
External Customers	11,005	14,859	25,864	-	-	25,864
Inter Segment	629	122	751	-	(751)	-
	<b>11,634</b>	<b>14,981</b>	<b>26,615</b>	<b>-</b>	<b>(751)</b>	<b>25,864</b>
Other Revenue	58	40	98	-	-	98
Interest Revenue	2	-	2	1	-	3
<b>Total segment revenue</b>	<b>11,694</b>	<b>15,021</b>	<b>26,715</b>	<b>1</b>	<b>(751)</b>	<b>25,965</b>
<b>Result</b>						
Segment results *	<b>2,582</b>	<b>616</b>	<b>3,198</b>	<b>(827)</b>	<b>(47)</b>	<b>2,324</b>
<b>Earnings Before Interest and Tax *</b>	<b>2,582</b>	<b>616</b>	<b>3,198</b>	<b>(827)</b>	<b>(47)</b>	<b>2,324</b>
Interest revenue	2	-	2	1	-	3
Interest expense	(113)	(124)	(237)	(14)	-	(251)
Income tax expense	(706)	(177)	(883)	828	-	(55)
<b>Total segment results *</b>	<b>1,765</b>	<b>315</b>	<b>2,080</b>	<b>(12)</b>	<b>(47)</b>	<b>2,021</b>

\* Includes Corporate recharges to each segment

## Notes to the consolidated financial statements

### Note 29: Operating Segments (continued)

#### Geographic Information

Revenues from External Customers	2015 \$000's	2014 \$000's
Australia	19,238	16,115
USA	4,090	4,677
United Kingdom	2,647	2,584
Puerto Rico	819	915
Other	1,536	1,573
<b>Total revenue per consolidated statement of profit or loss</b>	<b>28,330</b>	<b>25,864</b>

#### Non Current Operating Assets

Australia	2,597	2,885
Malaysia	4,828	2,920
USA	12	10
	<b>7,437</b>	<b>5,815</b>

#### Segment Information

##### Year ended 30 June 2015

	BioMed	HCA	Total Segments	Corporate & Other	Adjusts and Elims.	Total
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Total Assets	15,420	8,415	23,835	2,793	(4,805)	21,823
Capital Expenditure	2,203	202	2,405	97	-	2,502
Depreciation & Amortisation	473	390	863	64	-	927
Total Liabilities	7,617	6,368	13,985	531	(4,572)	9,944

##### Year ended 30 June 2014

	BioMed	HCA	Total Segments	Corporate & Other	Adjusts and Elims.	Total
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Total Assets	14,906	7,555	22,461	898	(6,150)	17,209
Capital Expenditure	2,160	124	2,284	10	-	2,294
Depreciation & Amortisation	444	403	847	64	-	911
Total Liabilities	6,162	6,297	12,459	797	(6,042)	7,214

## Notes to the consolidated financial statements

### Note 29: 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 32% of total external revenue. The most significant customer accounts for 18% of total external revenue within Healthcare Australia.

#### 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 30: Share-based Payments

#### Executive Share Plan

The Executive Share Plan ("ESP") was approved at the 31 October 2014 Annual General Meeting for the three year period to 30 October 2017. Under the ESP, and following approvals obtained at the 31 October 2014 Annual General Meeting, 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 lesser of the volume weighted average of ITL prices during the 12 month period preceding the issue date and the current market price.

On 12 August 2013, 2,810,294 ordinary shares were issued under the ESP at an issue price of \$0.233. 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 \$0.285 on the grant date of 12 August 2013.

On 1 November 2013, 656,526 ordinary shares were issued under the ESP at an issue price of \$0.263. 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 \$0.300 on the grant date of 1 November 2013.

On 14 August 2014, 2,856,500 ordinary shares were issued under the ESP at an issue price of \$0.200. This price was determined as the current market price. 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 \$0.205 on the grant date of 14 August 2014.

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

	2015 \$000's	2014 \$000's
Shares issued under ESP	385	607
	385	607

## Notes to the consolidated financial statements

### Note 31 Parent Entity Information

<b>Financial Position</b>	<b>2015</b>	<b>2014</b>
	<b>\$000's</b>	<b>\$000's</b>
<b>Assets</b>		
Current Assets	1,024	1,078
Non Current Assets	9,755	7,763
Total Assets	10,779	8,841
<b>Liabilities</b>		
Current Liabilities	407	819
Non Current Liabilities	223	9
Total Liabilities	630	828
<b>Equity</b>		
Issued Capital	29,474	29,096
Retained Earnings	(19,325)	(21,083)
Reserves	-	-
Total Equity	10,149	8,013
<b>Financial Performance</b>		
Profit/(Loss) for the year	2,611	3,311
Other comprehensive income	-	-
Total Comprehensive Income	2,611	3,311

The parent entity received dividends of \$2,500k from other entities within the Group during 2015 (2014:\$3,322k).

There are no contingent assets or liabilities other than those disclosed in Notes 17 and 24.

The company has guaranteed the banking facilities of a number of subsidiaries as detailed in Note 17. 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:

	<b>30 June 2015</b>	<b>30 June 2014 Face</b>
	<b>Face Value \$'000</b>	<b>Value \$'000</b>
Bank Loans of Controlled Entities	5,389	3,566

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 at 30 June 2015 (2014: Nil).

### Note 32: 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);
  - b. give a true and fair view of the financial position as at 30 June 2015 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 of the financial position and performance of the company.
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 25 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 4<sup>th</sup> day of September 2015

## Auditors Report



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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 statement of financial position as at 30 June 2015, 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, signed on 4 September 2015. We confirm that the Auditor's Independence Declaration would be in the same terms if given to the directors as at the time of this auditor's report.





*Opinion*

In our opinion:

- a. the financial report of ITL Limited is in accordance with the *Corporations Act 2001*, including:
  - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. 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 11 to 17 of the directors' report for the year ended 30 June 2015. 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 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ashley Butler  
Partner  
Melbourne  
7 September 2015

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## 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 13 August 2015.

There were 844 holders of ordinary shares in the Company. These shareholders held 84,678,177 ordinary shares. All issued ordinary shares carry one vote per share.

### Distribution of Ordinary Shares

Holdings Ranges	Holders	Total Units	%
1-1,000	26	5,854	0.007
1,001-5,000	265	923,787	1.091
5,001-10,000	130	1,076,365	1.271
10,001-100,000	349	10,685,219	12.619
100,001-9,999,999,999	74	71,986,952	85.012
<b>Totals</b>	<b>844</b>	<b>84,678,177</b>	<b>100.000</b>

Holdings less than a marketable parcel 36

### Substantial Shareholders as at 13 August 2015:

	Number of Shares	% Held
Bilbo Holdings Pty Ltd	33,010,416	38.98
Bilbo Holdings Pty Ltd and associates arising from Subscription and Option agreement with shareholders of MyHealthTest Pty Ltd	37,032,654	43.73

## Twenty Largest Shareholders at 13 August 2015:

Rank	Holder Name	Balance at 12-08-2015	%
1	<b>BILBO HOLDINGS PTY LTD</b>	<b>33,010,416</b>	<b>38.983</b>
	MR WILLIAM LEONARD MOBBS <BILBO SUPER FUND A/C>	16,424,183	19.396
	BILBO HOLDINGS PTY LTD <BILBO FAMILY A/C>	9,561,430	11.291
	HASTCOMBE PTY LTD	7,024,803	8.296
2	<b>HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED</b>	<b>4,149,069</b>	<b>4.900</b>
3	<b>MR CHRIS CARR &amp; MRS BETSY CARR</b>	<b>4,000,000</b>	<b>4.724</b>
4	<b>J P MORGAN NOMINEES AUSTRALIA LIMITED</b>	<b>3,208,605</b>	<b>3.789</b>
5	<b>A &amp; P TURNBULL INVESTMENTS PTY LTD &lt;TURNBULL FAMILY S/F A/C&gt;</b>	<b>2,991,752</b>	<b>3.533</b>
	A & P TURNBULL INVESTMENTS PTY LTD <TURNBULL FAMILY S/F A/C>	2,333,350	2.756
	CANDOO PTY LTD <THE TURNBULL FAMILY A/C>	658,402	0.778
6	<b>ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD &lt;CUSTODIAN A/C&gt;</b>	<b>2,558,896</b>	<b>3.022</b>
7	<b>MS STEPHANIE NORRELL</b>	<b>2,079,750</b>	<b>2.456</b>
8	<b>UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD</b>	<b>1,900,000</b>	<b>2.244</b>
9	<b>MR CRAIG DOUGLAS WILSON</b>	<b>1,604,542</b>	<b>1.895</b>
	MR CRAIG DOUGLAS WILSON	919,533	1.086
	COCAMA SUPERANNUATION FUND PTY LTD <WILSON FAMILY S/F A/C>	570,800	0.674
	MRS KARINA PHYLLIDA WILSON	114,209	0.135
10	<b>MRS SALLYANNE LEE MOBBS &amp; MR RICHARD JAMES MOBBS &lt;MOBBSTERS SUPER FUND A/C&gt;</b>	<b>1,271,612</b>	<b>1.502</b>
	MRS SALLYANNE LEE MOBBS & MR RICHARD JAMES MOBBS <MOBBSTERS SUPER FUND A/C>	689,879	0.815
	MR RICHARD JAMES MOBBS & MRS SALLY-ANNE LEE MOBBS <MOBBSTERS FAMILY A/C>	581,733	0.687
11	<b>FRED PARRISH INVESTMENTS PTY LTD &lt;PARRISH FAMILY A/C&gt;</b>	<b>1,158,233</b>	<b>1.368</b>
12	<b>MR KEVIN PETER O'DONNELL &amp; MRS GLENIS NITA O'DONNELL &amp; BEATTIE RICKMAN TRUSTEE CO LTD &lt;KP&amp;GN O'DONNELL FAMILY A/C&gt;</b>	<b>1,149,830</b>	<b>1.358</b>
	MRS GLENIS NITA O'DONNELL	1,149,830	1.358
13	<b>TALSTON PTY LIMITED &lt;TALSTON A/C&gt;</b>	<b>1,000,000</b>	<b>1.181</b>
14	<b>NARINDER PALL SINGH KANDA</b>	<b>694,644</b>	<b>0.820</b>
15	<b>MR BEREND JOHN PHILIP HOFF &amp; MRS PETA LINDSAY HOFF &lt;BEREND HOFF SUPER FUND A/C&gt;</b>	<b>680,000</b>	<b>0.803</b>
16	<b>MONTAGUE CORPORATE SERVICES PTY LTD</b>	<b>662,546</b>	<b>0.782</b>
	KMDH PTY LTD <K M SUPERANNUATION FUND A/C>	662,546	0.782
17	<b>MR DONALD JULIAN CHANNER</b>	<b>500,000</b>	<b>0.590</b>
18	<b>CUSTODIAL SERVICES LIMITED &lt;BENEFICIARIES HOLDING A/C&gt;</b>	<b>470,000</b>	<b>0.555</b>
19	<b>UBS NOMINEES PTY LTD &lt;TP00014 15 A/C&gt;</b>	<b>460,000</b>	<b>0.543</b>
20	<b>MR BERT VAN NETTEN</b>	<b>405,903</b>	<b>0.479</b>
	MS YVONNE VAN NETTEN	269,000	0.318
	MISS KIM VAN NETTEN	77,025	0.091
	MR BERT VAN NETTEN	59,878	0.071

As at 12 August 2015, the 20 largest shareholders held ordinary shares representing 75.53% of the issued capital.

# Corporate Directory

## Directors

Mr William Mobbs  
Mr Andrew Turnbull  
Mr Mark Peatey

Executive Chairman  
Chairman, Audit & Risk Management Committee

## Company Secretary

Mr Trevor Doolan

## Registered Office

Unit 1, 63 Wells Road  
Chelsea Heights, VIC 3196  
Telephone  
Facsimile

(03) 8773 3050  
(03) 8773 3059

## Share Registry

Boardroom Pty Limited  
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Sydney, NSW 2000

General Enquires  
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Website  
Email

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1300 653 459  
[www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)  
[enquires@boardroomlimited.com.au](mailto:enquires@boardroomlimited.com.au)

## Auditor

Ernst & Young

## Media

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Telephone  
Email

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