

Appendix 4D

Half Yearly Report

Name of entity

ITL Limited

ABN or equivalent company reference

16 088 212 088

1.0 Details of the reporting period and the previous corresponding period

Reporting Period: Half Year to 31 December 2013

Previous Corresponding Period: Half Year to 31 December 2012

2.0 Results for announcement to the market

Should be read in conjunction with most recent annual financial report

				\$A'000
2.1 Revenues from ordinary activities	Down	2%	to	12,946
2.2 Profit/(loss) after tax from ordinary activities attributable to members	Down	17%	to	\$1,216
2.3 Net profit/(loss) for the period attributable to members	Down	17%	to	\$1,216
2.4 Dividends (distributions)				
		Amount per Share	Franked Amount per Share	
Final Dividend Paid		0.75 cents	0.75 cents	
Interim Dividend Declared		0.50 cents	0.50 cents	
Refer Note 4 of attached Financial Report for the Half Year Ended 31 December 2013				
2.5 Record date for determining entitlements to the interim dividend				24 February 2014
2.6 Brief explanation of any of the figures reported above necessary to enable the figures to be understood.				
Refer to ASX Announcement and attached Review and Results of Operations in the Directors' Report				

Appendix 4D

ITL Limited –31 December 2013 Half Yearly Report

3.0 NTA Backing	Current period 31 December 2013	Previous Period 31 December 2012
Net tangible asset backing per ordinary security	9.7 cents	10.3 cents
Net Asset Backing per ordinary security	12.1 cents	12.6 cents

4.0 Control gained or lost over entities having material effect

Not applicable as there were no entities where control was gained or lost during the period

5.0 Material interests in entities which are not controlled entities


The economic entity has an interest (that is material to it) in the following entities. Nil

6.0 Compliance Statement

The report has been prepared based on 31 December 2013 Half Yearly Financial Report which has been reviewed by an independent Audit Firm in accordance with the requirements of S302 of the *Corporations Act 2001*.

Attachments forming part of Appendix 4D:

1. Financial Report
2. Independent Auditor's Review Report

Signed here: 
William Mobbs
Executive Chairman

Date: 12 February 2014

ITL Limited
(ABN: 16 088 212 088)

FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2013

ITL Limited

CORPORATE INFORMATION

ABN: 16 088 212 088

DIRECTORS

Mr. William Mobbs (Executive Chairman)
Mr. Sanjay Sehgal (Chairman, Audit & Risk Management Committee)
Mr. Andrew Turnbull

EXECUTIVE CHAIRMAN

Mr. William Mobbs

COMPANY SECRETARY

Mr. Trevor Doolan

REGISTERED OFFICE and PRINCIPAL PLACE OF BUSINESS

Unit 1, 63 Wells Road
Chelsea Heights, VIC 3196

Tel: (03) 8773 3050

SHARE REGISTER

Boardroom Pty Ltd
Level 7
207 Kent Street
Sydney, NSW 2000
Tel: 1300 737 760
Fax: 1300 653 459

AUDITORS

Ernst & Young

INTERNET ADDRESS

<http://www.itl-limited.com>

ITL Limited

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ITL Limited

DIRECTORS' REPORT

Your directors submit their report for the half year ended 31 December 2013.

The names of the company's directors in office during the half year ended 31 December 2013 and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

Mr. William Mobbs	(Executive Chairman)
Mr. Sanjay Sehgal	(Chairman, Audit & Risk Management Committee)
Mr. Andrew Turnbull	(Appointed 31 December 2013)
Mr. Julian Gosse	(Retired 31 December 2013)

COMPANY SECRETARY

Mr. Trevor Doolan

PRINCIPAL ACTIVITIES

The principal activities of ITL Limited and its subsidiaries (the Group) during the half 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 the Group's principal activities during the half year.

EARNINGS PER SHARE

For the half year ended 31 December	2013 Cents	2012 Cents
Basic earnings per share	1.4	1.4
Diluted earnings per share	1.4	1.4

ITL Limited

DIRECTORS' REPORT (continued)

REVIEW AND RESULTS OF OPERATIONS

(all currency amounts are expressed in Australian dollars thousands unless otherwise stated)

- Profit after tax for the consolidated Group for the half year ended 31 December 2013 was \$1.22m, which was 17% below the December 2012 half year profit of \$1.47m.

However, the result was 22% above the previous half June 2013 profit of \$0.99m primarily due to 10% growth in revenue.

- Earnings per share for the 31 December 2013 half year was 1.4 cents per share which was in line with the 31 December 2012 half year of 1.4 cents per share. This reflected the benefit from active capital management with the ongoing share buyback.
- Income tax benefit was \$0.02m (2012: \$0.06m benefit) which incorporated the benefit of previously unrecognised prior year tax losses in Australia.
- Profit before tax was \$1.2m (2012: \$1.4m). This reflected 2% lower revenue together with some increase in staff costs to grow and support the business.
- Revenue was \$12.9m (2012: \$13.2m). Innovative Products Group revenue increased 15% (3% in U.S. dollars) to \$5.4m largely due to the impact of the favourable foreign exchange movements but conditions in the U.S. blood banking industry continued to be subdued. Healthcare Australia revenue declined 11% to \$7.5m following the completion of major hospital contracts and the impact of the competitive market place.
- Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA) for the half year ended 31 December 2013 was \$1.8m (2012: \$1.9m). Directors believe that EBITDA as a non IFRS profit measure is useful to investors as it provides further information on the company's underlying profitability. The reconciliation between Profit before tax and EBITDA is as follows:

	31/12/2013 \$000's	31/12/2012 \$000's
Profit before income tax	1,199	1,411
Add back/(deduct):		
Depreciation and amortisation expense	477	477
Interest expense	107	47
Interest income	-	-
EBITDA	1,783	1,935

- Group Operating Cash flow for the half year ended 31 December 2013 was \$1.6m (2012: \$1.8m). This primarily reflected the reduced earnings result. This ongoing strong operating cash generation, combined with increased borrowings, was used to fund:
 - acquisition of long term leasehold land and an existing medical device factory with clean rooms in Malaysia for \$1.4m;
 - \$1.9m in relation to the ongoing share buyback (2012: \$3.4m); and
 - payment of the 2013 financial year final dividend of \$0.7m in September 2013.
- At 31 December 2013 the net debt position was \$3.9m compared with the net debt position of \$1.3m at 30 June 2013. The Group's gearing measured as net debt as a percentage of net debt plus equity was 28% (30 June 2013: 11%)

ITL Limited

DIRECTORS' REPORT (continued)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

At the Annual General Meeting of the company held on 31 October 2013, 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 2013 of 83,461,595 the maximum amount of the buyback over the next 12 months is 16,692,319 shares.

On 27 December 2013, ITL Limited, through its wholly owned subsidiary ITL Asia Pacific Sdn Bhd, completed settlement for its acquisition of long term leasehold land with an existing modern medical device factory including clean rooms in Perak, Malaysia. Total consideration was \$1.4m (RM4.025m) which was funded with a 10 year bank term loan and existing bank facilities. ITL's existing manufacturing facilities in Malaysia are significantly space constrained and this new property provides further space for expansion.

EVENTS AFTER BALANCE DATE

On 16 January 2014, a property agent was appointed for the sale of the existing leasehold land and factory buildings in Malaysia.

On 7 February 2014, an agreement was reached with a major building contractor in Malaysia to expand the newly acquired factory in Malaysia. Total contract price is approximately \$1.7m with completion scheduled for later this calendar year. Relocation to this new site will occur progressively around that time.

At the close of 11 February 2014 50,000 ordinary shares have been bought back since 31 December 2013 and cancelled at a cost of \$14k. These shares were acquired at an average price of \$0.2852, with prices ranging from \$0.27 to \$0.29. Issued capital at the close of business on 11 February 2014 is 83,905,121 ordinary shares.

At the 12 February 2014 Board Meeting the directors approved an interim fully franked dividend for the 2014 financial year of 0.5 cents per share. This is in line with the prior year interim dividend and totals approximately \$0.42m. The record date is 24 February 2014 and the payment date is 3 March 2014.

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

ROUNDING

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

ITL Limited

DIRECTORS' REPORT (continued)

CORPORATE GOVERNANCE

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

The company's Corporate Governance Statement is available on the company's website www.itl-limited.com, and also contained in the 2013 Annual Report.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307(c) of the *Corporations Act 2001* is attached on page 10 of this report.

Signed in accordance with a resolution of the Directors.



William Mobbs (Executive Chairman)

12 February 2014

ITL Limited

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of ITL Limited,

I state that in the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity for the half year ended 31 December 2013 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2013 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



William Mobbs (Executive Chairman)

12 February 2014



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121 Marcus Clarke Street
Canberra ACT 2600 Australia
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Auditor's Independence Declaration to the Directors of ITL Limited

In relation to our review of the condensed financial report of ITL Limited for the half-year ended 31 December 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

James Palmer
Partner
12 February 2014



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To the members of ITL Limited

Report on the Half-Year Condensed Financial Report

We have reviewed the accompanying half-year condensed financial report of ITL Limited, which comprises the interim consolidated balance sheet as at 31 December 2013, the interim consolidated statement of profit or loss, the interim consolidated statement of comprehensive income, the interim consolidated statement of changes in equity and the interim consolidated statement of cash flows for the half-year ended on that date, condensed 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 half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Condensed Financial Report

The directors of the company are responsible for the preparation of the half-year condensed 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 half-year condensed financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year condensed financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the condensed financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of ITL Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year condensed financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

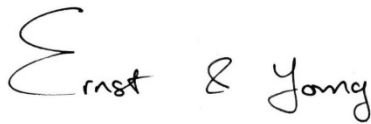
Independence

In conducting our review, 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, a copy of which is included in the Directors' Report.

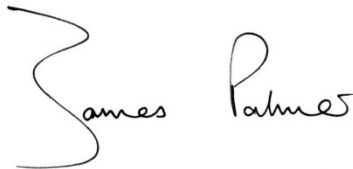
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year condensed financial report of ITL Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



James Palmer
Partner
Canberra
12 February 2014

ITL Limited

Interim Consolidated Statement of Profit or Loss

for the half year ended 31 December

	Note	31/12/2013 \$000's	31/12/2012 \$000's
Revenue	2	12,946	13,165
Cost of Sales		(7,165)	(7,287)
Gross Profit		5,781	5,878
Other income	2	29	28
Salaries and employee benefits expense		(3,044)	(2,944)
Depreciation and amortisation expense	3	(165)	(159)
Finance costs		(107)	(47)
Premises and office expenses		(489)	(452)
Travel and accommodation		(172)	(161)
Business insurance		(121)	(132)
Product registration & IP maintenance		(177)	(121)
Regulatory & QA costs		(77)	(76)
Other expenses from ordinary activities		(259)	(403)
Total Expenses		(4,611)	(4,495)
Profit before income tax expense		1,199	1,411
Income tax benefit		17	57
Profit for the half year		1,216	1,468
Profit attributable to members of the parent		1,216	1,468
Earnings per Share			
Basic profit per share (cents per share)		1.4 cents	1.4 cents
Diluted profit per share (cents per share)		1.4 cents	1.4 cents

The accompanying notes form part of these financial statements

ITL Limited
Interim Consolidated Statement of Comprehensive Income
for the half year ended 31 December

	Note	31/12/2013 \$000's	31/12/2012 \$000's
Profit		1,216	1,468
Other Comprehensive Income			
Items that may be reclassified subsequently to Profit or Loss			
Exchange differences on translating foreign operations		(55)	93
Income tax on items of other comprehensive income		-	-
Other comprehensive income for the half year, net of tax		(55)	93
Total comprehensive income attributable to members of the parent		1,161	1,561

The accompanying notes form part of these financial statements

ITL Limited

Interim Consolidated Balance Sheet

as at 31 December 2013

	Note	31/12/2013 \$000's	30/06/2013 \$000's
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	649	412
Trade and other receivables		3,869	3,417
Inventories		3,773	3,725
Other current assets		703	379
TOTAL CURRENT ASSETS		8,994	7,933
NON-CURRENT ASSETS			
Property, plant and equipment		5,146	4,008
Product tooling and equipment		1,116	1,029
Intangible assets		559	678
Deferred tax assets		1,470	1,395
TOTAL NON-CURRENT ASSETS		8,291	7,110
TOTAL ASSETS		17,285	15,043
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		1,483	1,491
Borrowings	7	2,396	1,450
Current tax liabilities		-	-
Short-term provisions		719	681
TOTAL CURRENT LIABILITIES		4,598	3,622
NON-CURRENT LIABILITIES			
Borrowings	7	2,168	250
Long-term provisions		366	372
TOTAL NON-CURRENT LIABILITIES		2,534	622
TOTAL LIABILITIES		7,132	4,244
NET ASSETS		10,153	10,799
EQUITY			
Issued capital	6	29,407	30,333
Foreign currency translation reserve		(1,035)	(980)
Share based payments reserve		-	222
Asset revaluation reserve		448	448
(Accumulated losses)/Retained earnings		(18,667)	(19,224)
TOTAL EQUITY		10,153	10,799

The accompanying notes form part of these financial statements

ITL Limited

Interim Consolidated Statement of Changes in Equity

for the half year ended 31 December

	Issued Capital	Share Based Payment Reserve	Foreign Currency Translation Reserve	Asset Revaluation Reserve	Retained Earnings	Total
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Balance at 1 July 2013	30,333	222	(980)	448	(19,224)	10,799
Profit for the period	-	-	-	-	1,216	1,216
Other comprehensive income	-	-	(55)	-	-	(55)
Total comprehensive income for the year	-	-	(55)	-	1,216	1,161
Transactions with owners in their capacity as owners:						
Dividend Payment	-	-	-	-	(659)	(659)
Share buyback	(1,918)	-	-	-	-	(1,918)
Transaction costs	(6)	-	-	-	-	(6)
Share based payments	998	(222)	-	-	-	776
Balance at 31 December 2013	29,407	-	(1,035)	448	(18,667)	10,153

Balance at 1 July 2012	35,080	-	(1,504)	448	(21,217)	12,807
Profit for the period	-	-	-	-	1,468	1,468
Other comprehensive income	-	-	93	-	-	93
Total comprehensive income for the year	-	-	93	-	1,468	1,561
Transactions with owners in their capacity as owners:						
Asset revaluation reserve	-	-	-	-	-	-
Share buyback	(3,180)	-	-	-	-	(3,180)
Transaction costs	(13)	-	-	-	-	(13)
Share based payments	906	-	-	-	-	906
Balance at 31 December 2012	32,793	-	(1,411)	448	(19,749)	12,081

The accompanying notes form part of these financial statements

ITL Limited

Interim Consolidated Statement of Cash Flows

for the half year ended 31 December

	Note	31/12/2013 \$000's	31/12/2012 \$000's
OPERATING ACTIVITIES			
Profit/(Loss) before Tax		1,199	1,411
<u>Non-Cash items:</u>			
Depreciation and amortisation		477	477
Net loss on disposal of assets		6	4
Unrealised (gain) on foreign currency transactions		(19)	(16)
Share based payments	6	777	906
<u>Changes in assets and liabilities:</u>			
(Increase)/Decrease in Trade and other receivables		(452)	106
(Increase) in Other current assets		(324)	(56)
(Increase) in Inventories		(48)	(228)
(Decrease) in Trade and other Payables		(8)	(752)
Increase in Provisions		32	26
Income Tax Paid		(55)	(47)
Net cash flow from operating activities		1,585	1,831
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for product tooling and development		(65)	(37)
Payment for property, plant and equipment		(1,548)	(79)
Payment for intangible assets		(11)	(20)
Proceeds from the sale of property, plant and equipment		4	-
Net cash flow (used in) investing activities		(1,620)	(136)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		2,864	1,246
Payment for dividends		(659)	-
Payment for share buyback		(1,924)	(3,403)
Net cash flow from/(used in) financing activities		281	(2,157)
NET (DECREASE)/INCREASE IN CASH HELD		246	(462)
Net foreign exchange differences		(9)	38
Cash at beginning of period	5	412	1,007
CASH AT END OF PERIOD	5	649	583

The accompanying notes form part of these financial statements

ITL Limited

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

1. BASIS OF PREPARATION

This general purpose condensed financial report for the half year ended 31 December 2013 has been prepared in accordance with AASB 134 Interim Financial Reporting and the *Corporations Act 2001*, and prepared for the purpose of presenting the consolidated entity as a for-profit entity.

The financial information in this report for the half year ended 31 December 2013 was authorised for issue in accordance with a resolution of the Directors on 12 February 2014.

ITL Limited is a limited company incorporated and domiciled in Australia whose shares are publicly traded. The principal activities of the company and its subsidiaries (the Group) are described in Note 10.

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

It is recommended that this report should be read in conjunction with the Annual Report for the year ended 30 June 2013 and be considered together with any public announcements made by ITL Limited and its controlled entities during the half year ended 31 December 2013 in accordance with the continuous disclosure obligations of the ASX listing rules.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report apart from any that may be noted below.

ITL Limited

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE HALF YEAR ENDED 31 DECEMBER 2013

1. BASIS OF PREPARATION (continued)

Foreign Currency Transactions and Balances

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

	<u>31/12/2013</u>	<u>30/06/2013</u>	<u>31/12/2012</u>
Spot rate			
AUD/MYR	2.9203	2.8826	3.1765
AUD/USD	0.8873	0.9133	1.0371
Average rate for half year ended 31 December			
AUD/MYR	2.9577		3.1945
AUD/USD	0.9211		1.0385

There have been no material adjustments to the accounting policies of the Group since 30 June 2013.

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

ITL Limited

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Note	31/12/2013 \$'000s	31/12/2012 \$'000s
2. REVENUE and OTHER INCOME			
Revenue			
Innovative Products Group		5,417	4,725
Healthcare Australia		7,529	8,440
Total Sales Revenue		12,946	13,165
Other Income			
Other		29	28
Total Other Income		29	28
Total Income		12,975	13,193
3. EXPENSES			
Depreciation & Amortisation expense			
Depreciation of non-current assets			
Land & buildings		13	12
Furniture & Fittings		11	11
Leasehold Improvements		108	105
Office & Computer equipment		24	22
Product Tools & equipment		195	208
Total Depreciation		351	358
Amortisation of non-current assets			
Computer Software		55	53
Product Design/development		56	53
Patents, trademarks & licencing		15	13
Total Amortisation		126	119
Total depreciation and amortisation		477	477
Less depreciation and amortization disclosed in cost of sales			
		(312)	(318)
Total depreciation and amortisation expense		165	159

ITL Limited

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE HALF YEAR ENDED 31 DECEMBER 2013

4. DIVIDENDS PAID AND PROPOSED

	31/12/2013 \$'000s	31/12/2012 \$'000s
Dividends paid during the half year		
Final fully franked dividend paid for 2013: 0.75 cents per share (2012: Nil cents per share) paid 2 September 2013	659	-
Interim fully franked dividend declared of 0.5 cents per share (not recognised in accounts as at 31 December 2013)	420	-

5. CASH AND CASH EQUIVALENTS

	31/12/2013 \$'000s	30/06/2013 \$'000s
Cash on hand	1	2
Cash at bank	648	410
Total Cash and Cash Equivalents	649	412

ITL Limited

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE HALF YEAR ENDED 31 DECEMBER 2013

6. ISSUED CAPITAL	<u>31/12/2013</u>	<u>30/06/2013</u>	<u>31/12/2012</u>
	\$'000s	\$'000s	\$'000s
Ordinary shares:			
At beginning of reporting period	30,333	35,080	35,080
Share buyback (i)	(1,918)	(5,631)	(3,180)
Transaction costs net of tax (ii)	(6)	(21)	(13)
Shares issued during the period (share based payments) (iii) (iv)	998	905	906
	<u>29,407</u>	<u>30,333</u>	<u>32,793</u>
	No.	No.	No.
	000s	000s	000s
At beginning of reporting period	86,597	107,331	107,331
Share buyback (i)	(6,109)	(25,500)	(16,206)
Shares issued during the period (share based payments) (iii)	3,467	4,766	4,766
	<u>83,955</u>	<u>86,597</u>	<u>95,891</u>

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

	<u>31/12/2013</u>	<u>30/06/2013</u>	<u>31/12/2012</u>
(i) Buy back average price	\$0.314	\$0.221	\$0.196
Buy back price range	\$0.270-\$0.320	\$0.180-\$0.300	\$0.180-\$0.200
Total cost of buyback \$'000s	1,918	5,631	3,180
(ii) The transaction costs represent brokerage costs associated with the buy back.			
(iii) The Executive Share Plan ("ESP") was approved at the 18 November 2011 Annual General Meeting for the three year period to 17 November 2014. Under the ESP, 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 is determined as the volume weighted average of ITL prices during the 12 month period preceding the issue date. Under the ESP there were three issues to key management personnel. These were recorded in the accounts at fair value which is the market price of ITL shares on the day of the issue. Details are as follows:			
• 24/8/2012 - issue price	-	\$0.1600	\$0.1600
- fair value	-	\$0.1900	\$0.1900
• 12/8/2013 - issue price	\$0.2330	-	-
- fair value	\$0.2850	-	-
• 1/11/2013 - issue price	\$0.2630	-	-
- fair value	\$0.3000	-	-

ITL Limited

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE HALF YEAR ENDED 31 DECEMBER 2013

6. ISSUED CAPITAL (continued)

- (iv) Shares issued of \$998 thousand during half year ended 31 December 2013 includes \$222 thousand accrued at 30/6/13 as a Share Based Payments Reserve in respect of future planned share issues. The balance of \$777 thousand is consistent with the number shown in the Statement of Cash Flows.

7. BORROWINGS

	31/12/2013 \$'000s	30/06/2013 \$'000s
Current		
Bank overdrafts	538	-
Bankers Acceptances	1,143	1,171
Bank loans	715	108
Non-bank finance - insurance	-	171
	<u>2,396</u>	<u>1,450</u>
Non-current		
Bank loans	<u>2,168</u>	<u>250</u>
	<u>2,168</u>	<u>250</u>
	<u>4,564</u>	<u>1,700</u>

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

ITL Asia Pacific Sdn Bhd has term loan, overdraft, bankers acceptance and other finance facilities including a bank guarantee equivalent to \$55,789 provided to a third party. These facilities are secured by registered legal charges over the two factories of the company, debenture charges over current and future assets of the company and parent entity corporate guarantees.

8. 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 7: Borrowings.

ITL Limited

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE HALF YEAR ENDED 31 DECEMBER 2013

9. EVENTS AFTER BALANCE DATE

On 16 January 2014, a property agent was appointed for the sale of the existing leasehold land and factory buildings in Malaysia.

On 7 February 2014, an agreement was reached with a major building contractor in Malaysia to expand the newly acquired factory in Malaysia. Total contract price is approximately \$1.7m with completion scheduled for later this calendar year. Relocation to this new site will occur progressively around that time.

At the close of 11 February 2014 50,000 ordinary shares have been bought back since 31 December 2013 and cancelled at a cost of \$14k. These shares were acquired at an average price of \$0.2852, with prices ranging from \$0.27 to \$0.29. Issued capital at the close of business on 11 February 2014 is 83,905,121 ordinary shares.

At the 12 February 2014 Board Meeting the directors approved an interim fully franked dividend for the 2014 financial year of 0.5 cents per share. This is in line with the prior year interim dividend and totals approximately \$0.42m. The record date is 24 February 2014 and the payment date is 3 March 2014.

ITL Limited

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE HALF YEAR ENDED 31 DECEMBER 2013

10. SEGMENT REPORTING

The Group's reportable segments are as follows:

Continuing Operations:

Innovative Products Group (IPG)

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

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

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

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

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

Healthcare Australia (HCA)

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

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

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

ITL Limited

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE HALF YEAR ENDED 31 DECEMBER 2013

10. SEGMENT REPORTING (continued)

Corporate and other

The Corporate and other costs consist of the Board of Directors and head office costs.

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

The following table presents the revenue and profit information regarding business unit segments for the half years ended 31 December 2013 and 31 December 2012.

ITL Limited

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE HALF YEAR ENDED 31 DECEMBER 2013

10. SEGMENT REPORTING (continued)

Half Year ended 31 December 2013

	IPG \$'000	HCA \$'000	Total Segments \$'000	Corporate & Other \$'000	Adjusts. and Elims. \$'000	Total \$'000
Revenue						
External customers	5,417	7,529	12,946	-	-	12,946
Inter segment	153	33	186	-	(186)	-
	5,570	7,562	13,132	-	(186)	12,946
Other revenue	9	20	29	-	-	29
Interest revenue	-	-	-	-	-	-
	9	20	29	-	-	29
Total segment revenue	5,579	7,582	13,161	-	(186)	12,975
Result						
Segment results *	1,219	558	1,777	(471)	-	1,306
Earnings Before Interest and Tax *	1,219	558	1,777	(471)	-	1,306
Interest revenue	-	-	-	-	-	-
Interest expense	(41)	(57)	(98)	(9)	-	(107)
Income tax benefit/(expense)	(35)	-	(35)	52	-	17
Total segment results from continuing operations*	1,143	501	1,644	(428)		1,216

*Includes corporate recharges to each segment

ITL Limited

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE HALF YEAR ENDED 31 DECEMBER 2013

10. SEGMENT REPORTING (continued)

Half Year ended 31 December 2012

	IPG \$'000	HCA \$'000	Total Segments \$'000	Corporate & Other \$'000	Adjusts. and Elims. \$'000	Total \$'000
Revenue						
External customers	4,725	8,440	13,165	-	-	13,165
Inter segment	86	-	86	-	(86)	-
	4,811	8,440	13,251	-	(86)	13,165
Other revenue	10	18	28	-	-	28
Interest revenue	-	-	-	-	-	-
	10	18	28	-	-	28
Total segment revenue	4,821	8,458	13,279	-	(86)	13,193
Result						
Segment results *	1,034	944	1,978	(520)	-	1,458
Earnings Before Interest and Tax *	1,034	944	1,978	(520)	-	1,458
Interest revenue	-	-	-	-	-	-
Interest expense	(7)	(39)	(46)	(1)	-	(47)
Income tax benefit/(expense)	(61)	-	(61)	118	-	57
Total segment results from continuing operations*	966	905	1,871	(403)	-	1,468

*Includes corporate recharges to each segment