

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 2012

Previous Corresponding Period: Half Year to 31 December 2011

2.0 Results for announcement to the market

Should be read in conjunction with most recent annual financial report

				<i>\$A'000</i>
2.1 Revenue from continuing operations	Down	12%	to	13,165
Revenues from ordinary activities	Down	24%	to	13,165
2.2 Profit/(loss) from continuing operations after tax attributable to members	Down	4%	to	1,468
Profit/(loss) after tax from ordinary activities attributable to members	Up	36%	to	1,468
2.3 Net profit/(loss) for the period attributable to members	Up	36%	to	1,468
2.4 Dividends (distributions)				N/A
No dividends were paid or payable Refer Note 5 of attached Financial Report for Half Year Ended 31/12/2012				
2.5 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				

Appendix 4D

ITL Limited –31 December 2012 Half Yearly Report

3.0 NTA Backing	Current period 31 December 2012	Previous Period 31 December 2011
Net tangible asset backing per ordinary security	10.3 cents	10.2 cents
Net Asset Backing per ordinary security	12.6 cents	12.3 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 2012 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: 7 February 2013

ITL Limited
(ABN: 16 088 212 088)

FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2012

ITL Limited

CORPORATE INFORMATION

ABN: 16 088 212 088

DIRECTORS

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

CHIEF EXECUTIVE OFFICER

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 2012.

The names of the company's directors in office during the half year ended 31 December 2012 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

Mr. Julian Gosse

COMPANY SECRETARY

Mr. Trevor Doolan

PRINCIPAL ACTIVITIES

The principal activities of the company 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 ITL's principal activities during the half year.

EARNINGS PER SHARE

For the half year ended 31 December	2012 Cents	2011 Cents
Basic earnings per share	1.4	0.8
Diluted earnings per share	1.4	0.8

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 ITL Limited consolidated Group for the half year ended 31 December 2012 was \$1.5m, which was a 36% improvement on the previous corresponding half year profit of \$1.1m. The latter included a loss of \$0.4m in relation to the ITL Healthcare SEA business which was sold effective 1 January 2012. This business is reported as a Discontinued Operation in the Group results.
- Profit after Tax from the Continuing Operations of Healthcare Australia, Innovative Products Group and Corporate & Other was \$1.47m which was 4% below the previous corresponding half year profit of \$1.53m.
- Income tax benefit was \$0.1m (2011: \$0.1m expense) which incorporated the benefit of previously unrecognised prior year tax losses in Australia.
- Profit before tax from Continuing Operations was \$1.4m (2011: \$1.6m). This reflected lower revenue partly offset by improved manufacturing efficiencies, lower purchasing costs, nil inventory writedowns and savings in operating expenses.
- Revenue from Continuing Operations was \$13.2m (2011:\$14.9m). Innovative Products Group revenue decreased 5% (3% in U.S. dollars) to \$4.7m due to the impact of the adverse foreign exchange movements and subdued market conditions. Healthcare Australia revenue declined 15% to \$8.4m following the completion of major hospital contracts.
- Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA) from Continuing Operations for the half year ended 31 December 2012 was \$1.9m (2011: \$2.2m). The Directors believe that EBITDA as a non IFRS profit measure is useful to investors as it provides further information on the company's underlying profitability. The reconciliation between Profit before tax and EBITDA is as follows:

\$'000	2012	2011
Profit before Income Tax from Continuing Operations	1,411	1,637
Add back/(deduct):		
Depreciation and amortisation expense	477	531
Interest Expense	47	57
Interest Income	-	(38)
EBITDA from Continuing Operations	1,935	2,187

- Group Operating Cashflow for the half year ended 31 December 2012 was \$1.8m (2011: \$2.1m). This reflected a seasonal increase in working capital partly offset by the improved earnings result. This strong operating cash generation was partly used to fund \$3.4m in relation to the ongoing share buyback (2011: \$0.3m). This was an effective means of returning surplus capital to shareholders and enabled the Group to maintain an efficient capital structure.
- At 31 December 2012 the net debt position was \$0.7m compared with the net cash position of \$1.0m at 30 June 2012. The Group's gearing measured as net debt as a percentage of net debt plus equity was 6% (30/6/2012: nil)

ITL Limited

DIRECTORS' REPORT (continued)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

At an Extraordinary General Meeting on 23 August 2012, it was resolved that ITL Limited authorise and approve the buyback of up to 25% of its issued ordinary shares by on market buybacks. Based on the number of shares outstanding at the close of 22 August 2012 of 101,223,755, the maximum amount of the buyback over the next 12 months is 25,305,939 shares.

EVENTS AFTER BALANCE DATE

At the close of 6 February 2013 957,994 ordinary shares have been bought back since 31 December 2012 and cancelled at a cost of \$200,752. These shares were acquired at an average price of \$0.2095, with prices ranging from \$0.20 to \$0.22. Issued capital at the close of business on 6 February 2013 is 94,932,839 ordinary shares.

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.

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 2012 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)

7 February 2013

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 2012* are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at *31 December 2012* 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)

7 February 2013

Auditor's Independence Declaration to the Directors of ITL Limited

In relation to our review of the financial report of ITL Limited for the half-year ended 31 December 2012, 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

A handwritten signature in black ink that reads 'James Palmer'.

James Palmer
Partner
7 February 2013

To the members of ITL Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of ITL Limited, which comprises the interim statement of financial position as at 31 December 2012, the interim statement of profit and loss, the interim statement of comprehensive income, interim statement of changes in equity and interim statement of cash flows for the half-year ended on that date, 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 Financial Report

The directors of the company are responsible for the preparation of the half-year 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 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 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 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 2012 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 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 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 2012 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

A handwritten signature in black ink that reads 'James Palmer'.

James Palmer
Partner
Canberra
7 February 2013

ITL Limited

Interim Consolidated Statement of Profit or Loss

for the half year ended 31 December

	Note	31/12/2012 \$000's	31/12/2011 \$000's
Continuing Operations			
Revenue	2	13,165	14,892
Cost of Sales		(7,287)	(9,000)
Gross Profit		5,878	5,892
Other income	2	27	381
Salaries and employee benefits expense		(2,944)	(3,132)
Depreciation and amortisation expense	3	(159)	(174)
Finance costs		(47)	(57)
Premises and office expenses		(452)	(479)
Other expenses from ordinary activities		(892)	(794)
Total Expenses		(4,494)	(4,636)
Profit/(Loss) before income tax expense from continuing operations		1,411	1,637
Income tax benefit/(expense)		57	(106)
Profit/(Loss) for the year from continuing operations		1,468	1,531
Discontinued Operations			
Total Income	4 (b)	-	2,350
Total Expenses	4 (b)	-	(2,799)
Profit/(Loss) before Tax from discontinued operations	4 (b)	-	(449)
Income Tax benefit/(expense)		-	-
Profit/(Loss) after Tax from discontinued operations	4 (b)	-	(449)
Profit/(Loss) for the half year		1,468	1,082
Profit/(Loss) attributable to members of the parent		1,468	1,082
Earnings per Share			
Basic profit/(loss) per share (cents per share)		1.4 cents	0.8 cents
Diluted profit/(loss) per share (cents per share)		1.4 cents	0.8 cents
Earnings per share for continuing operations			
Basic profit/(loss) per share (cents per share)		1.4 cents	1.2 cents
Diluted profit/(loss) per share (cents per share)		1.4 cents	1.2 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	31/12/2012 \$000's	31/12/2011 \$000's
Profit/(Loss)		1,468	1,082
Other Comprehensive Income			
Items that may be reclassified subsequently to Profit or Loss			
Exchange differences on translating foreign operations		93	44
Income tax on items of other comprehensive income		-	-
		93	44
Other comprehensive income for the half year, net of tax		93	44
Total comprehensive income attributable to members of the parent		1,561	1,126

The accompanying notes form part of these financial statements

ITL Limited

Interim Consolidated Balance Sheet

as at 31 December

	Note	31/12/2012 \$000's	30/06/2012 \$000's
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	583	1,007
Trade and other receivables		3,454	3,560
Inventories		4,328	4,099
Current tax assets		38	-
Other current assets		503	447
TOTAL CURRENT ASSETS		8,906	9,113
NON-CURRENT ASSETS			
Property, plant and equipment		4,044	4,185
Product tooling and equipment		960	999
Intangible assets		780	875
Deferred tax assets		1,384	1,322
TOTAL NON-CURRENT ASSETS		7,168	7,381
TOTAL ASSETS		16,074	16,494
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		1,708	2,673
Borrowings	8	363	42
Current tax liabilities		-	1
Short-term provisions		639	617
TOTAL CURRENT LIABILITIES		2,710	3,333
NON-CURRENT LIABILITIES			
Borrowings	8	925	-
Long-term provisions		358	354
TOTAL NON-CURRENT LIABILITIES		1,283	354
TOTAL LIABILITIES		3,993	3,687
NET ASSETS		12,081	12,807
EQUITY			
Issued capital	7	32,793	35,080
Foreign currency translation reserve		(1,411)	(1,504)
Options reserve		-	-
Asset revaluation reserve		448	448
(Accumulated loss)/Retained earnings		(19,749)	(21,217)
TOTAL EQUITY		12,081	12,807

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	Foreign Currency Translation Reserve	Options Reserve	Asset Revaluation Reserve	Retained Earnings	Total
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
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:	-	-	-	-	-	-
Employee share option reserve	-	-	-	-	-	-
Share Buy-back	(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

Balance at 1 July 2011	38,957	(2,172)	26	898	(22,661)	15,048
Profit for the period	-	-	-	-	1,082	1,082
Other Comprehensive income	-	44	-	-	-	44
Total comprehensive income for the year	-	44	-	-	1,082	1,126
Transactions with owners in their capacity as owners:	-	-	-	-	-	-
Employee share option reserve	-	-	(26)	-	26	-
Asset Revaluation Reserve	-	-	-	-	-	-
Share Buy-back	(273)	-	-	-	-	(273)
Transaction Costs	(1)	-	-	-	-	(1)
Share based payments	-	-	-	-	-	-
Balance at 31 December 2011	38,683	(2,128)	-	898	(21,553)	15,900

The accompanying notes form part of these financial statements

ITL Limited

Interim Consolidated Statement of Cash Flows

for the half year ended 31 December

		31/12/2012	31/12/2011
	Note	\$000's	\$000's
OPERATING ACTIVITIES			
Profit/(Loss) before Tax		1,411	1,188
<u>Non-Cash items:</u>			
Depreciation and amortisation		477	712
Net loss on disposal of assets		4	3
Unrealised (gain)/ loss on foreign currency transactions		(16)	93
Share based payments	7	906	-
<u>Changes in assets and liabilities:</u>			
Decrease in Trade and other receivables		106	520
(Increase)/Decrease in Other current assets		(56)	19
(Increase)/Decrease in Inventories		(228)	1,465
(Decrease) in Trade and other Payables		(752)	(1,939)
Increase in Provisions		26	57
Tax Paid		(47)	(56)
Net cash flow from operating activities		1,831	2,062
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for product tooling and development		(37)	(33)
Payment for property, plant and equipment		(79)	(34)
Payment for intangible assets		(20)	(58)
Proceeds from the sale of property, plant and equipment		-	1
Net cash flow (used in) investing activities		(136)	(124)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		1,246	-
Payment for dividends		-	-
Payment for Share buyback		(3,403)	(274)
Repayments of borrowings		-	(1,248)
Net cash flow (used in) financing activities		(2,157)	(1,522)
NET (DECREASE)/INCREASE IN CASH HELD		(462)	416
Net foreign exchange differences		38	(40)
Cash at beginning of period	6	1,007	2,457
CASH AT END OF PERIOD	6	583	2,833

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 2012

1. BASIS OF PREPARATION

This general purpose condensed financial report for the half year ended 31 December 2012 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 2012 was authorised for issue in accordance with a resolution of the Directors on 7 February 2013.

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 11.

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 2012 and be considered together with any public announcements made by ITL Limited and its controlled entities during the half year ended 31 December 2012 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.

Changes in Presentation of Financial Statements

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

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

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

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

ITL Limited

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE HALF YEAR ENDED 31 DECEMBER 2012

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-Dec-12</u>	<u>30-Jun-12</u>	<u>31-Dec-11</u>
Spot rate			
AUD/MYR	3.1765	3.2431	3.2120
AUD/USD	1.0371	1.0159	1.0148
Average rate for half year ended 31 December			
AUD/MYR	3.1945		3.1748
AUD/USD	1.0385		1.0161

There have been no material adjustments to the accounting policies of the Group since 30 June 2012.

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 2012

	Note	31-Dec-12 \$'000s	31-Dec-11 \$'000s
2. REVENUE and OTHER INCOME			
Revenue			
Innovative Products Group (IPG)		4,725	4,967
Healthcare Australia (HCA)		8,440	9,925
Sales Revenue from Continuing Operations		13,165	14,892
Sales Revenue from Discontinued Operation	4 (b)	-	2,329
Total Sales Revenue		13,165	17,221
Other Income			
Other revenue		27	343
Interest revenue		-	38
Other Income from Continuing Operations		27	381
Other Income from Discontinued Operations	4 (b)	-	21
Total Other Income		27	402
Total Income		13,192	17,623
3. EXPENSES – CONTINUING OPERATIONS			
Depreciation & Amortisation expense			
Depreciation of non-current assets			
Land & buildings		12	12
Furniture & Fittings		11	20
Leasehold Improvements		105	113
Office & Computer equipment		22	19
Product Tools & equipment		208	242
Total Depreciation		358	406
Amortisation of non-current assets			
Computer Software		53	61
Product Design/development		53	53
Patents, trademarks & licencing		13	11
Total Amortisation		119	125
Total depreciation and amortisation		477	531
Less depreciation and amortization disclosed in cost of sales			
		(318)	(357)
Total depreciation and amortisation expense		159	174

ITL Limited

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE HALF YEAR ENDED 31 DECEMBER 2012

4. DISCONTINUED OPERATIONS

(a) Description

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

(b) Financial performance

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

	Note	31-Dec-12 \$'000s	31-Dec-11 \$'000s
Revenue	2	-	2,329
Cost of Sales		-	1,237
Gross Profit		-	1,092
Other Income	2	-	21
Expenses		-	(1,424)
Finance Costs		-	(138)
Profit/(Loss) before tax from discontinued operation		-	(449)
Income Tax expense		-	-
Profit/(Loss) after tax from discontinued operation		-	(449)

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

5. DIVIDENDS PAID AND PROPOSED

	31-Dec-12 \$'000s	31-Dec-11 \$'000s
Dividends paid during the year		
Dividend paid for the half year ended 31 December 2012: Nil cents (2011: Nil cents per share)	-	-

6. CASH AND CASH EQUIVALENTS

	31-Dec-12 \$'000s	30-Jun-12 \$'000s
Cash on hand	2	2
Cash at bank	581	1,005
Total Cash and Cash Equivalents	583	1,007

ITL Limited

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE HALF YEAR ENDED 31 DECEMBER 2012

7. ISSUED CAPITAL	31-Dec-12 \$'000s	30-Jun-12 \$'000s	31-Dec-11 \$'000s
Ordinary shares			
At beginning of reporting period	35,080	38,683	38,957
Share Buy back (i)	(3,180)	(4,130)	(273)
Transaction costs net of tax (ii)	(13)	(17)	(1)
Shares issued during the period (share based payments) (iii)	906	544	-
	<u>32,793</u>	<u>35,080</u>	<u>38,683</u>
	No. 000s	No. 000s	No. 000s
At beginning of reporting period	107,331	129,169	131,645
Share Buy back (i)	(16,206)	(25,133)	(2,476)
Shares issued during the period (share based payments) (iii)	4,766	3,295	-
	<u>95,891</u>	<u>107,331</u>	<u>129,169</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.

	31-Dec-12	30-Jun-12	31-Dec-11
(i) Buy back average price	\$0.196	\$0.164	\$0.110
Buy back price range	\$0.180-\$0.200	\$0.110-\$0.200	\$0.110-\$0.110
Total cost of buy back \$'000s	3,180	4,130	273
(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 30 June 2014. Under the ESP, shares may be issued to Executives and Directors in lieu of part or all of their annual remuneration including bonuses. The issue price is determined as the volume weighted average of ITL prices during the 12 month period preceding the issue date. Under the ESP there were two issues to key management personnel. These were recorded in the accounts at fair value as follows:			
• 6/6/2012 - issue price	-	\$0.1438	-
- fair value*	-	\$0.1650	-
• 24/8/2012 - issue price	\$0.1600	-	-
- fair value*	\$0.1900	-	-

* fair value is the market price on the day of issue

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CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE HALF YEAR ENDED 31 DECEMBER 2012

8. BORROWINGS

	31-Dec-12 \$'000s	30-Jun-12 \$'000s
Current		
Bank overdrafts	110	-
Bankers Acceptances	-	-
Bank loans	250	10
Hire purchase liability	3	32
	<u>363</u>	<u>42</u>
Non-current		
Bank loans	925	-
Hire purchase liability	-	-
	<u>925</u>	<u>-</u>
	<u>1,288</u>	<u>42</u>

ITL Healthcare Pty Ltd has a term loan facility provided by the Commonwealth Bank of \$1.332m of which \$1.175 is being utilised at 31 December 2012, and which matures 21 November 2016. Interest rates are variable and subject to adjustment. The loan is secured by cross guarantees and debenture charges from ITL Limited, ITL Corporation Pty Ltd and ITL Healthcare Pty Ltd.

ITL Asia Pacific Sdn Bhd is utilising part of its bank overdraft facility at 31 December 2012. This facility is secured by registered 1st to 3rd legal charge over 4 units one and a half storey detached factories of the subsidiary, 1st to 9th debenture charge over both current & future fixed and floating assets of the overseas subsidiary and a parent entity corporate guarantee.

9. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As part of the sale of ITL SEA Sdn Bhd and its subsidiaries ITL Healthcare SEA Sdn Bhd and Heal Medware Sdn Bhd effective 1 January 2012, ITL Limited provided warranties relating to the taxation affairs of these companies. The maximum liability under these warranties is capped at RM500,000 (A\$158,000) and any claim must be served on ITL Limited by no later than 4 April 2013.

A release from the ITL Limited guarantee to RHB Bank Sdn Bhd to support the overdraft facility of RM750,000 provided to ITL Healthcare SEA Sdn Bhd was obtained on 4 October 2012.

10. EVENTS AFTER BALANCE DATE

At the close of 6 February 2013 957,994 ordinary shares have been bought back since 31 December 2012 and cancelled at a cost of \$200,752. These shares were acquired at an average price of \$0.2095, with prices ranging from \$0.20 to \$0.22. Issued capital at the close of business on 6 February 2013 is 94,932,839 ordinary shares.

ITL Limited

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE HALF YEAR ENDED 31 DECEMBER 2012

11. SEGMENT REPORTING

The Group's reportable segments are as follows:

Continuing Operations:

Innovative Products Group ("IPG")

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

- Management and new product development is based in Australia;
- Manufacturing and tool making is based in Malaysia. Our manufacturing facility is TUV accredited, Quality Management System is ISO 13485: 2003 certified and, the Environmental Management System is ISO 14001: 2004 certified. Products include FDA 510K and/or CE mark as necessary.
- 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")

There are three core product areas where Healthcare Australia ("HCA") is actively engaged in the Australian healthcare market. These are Customised Procedure Packs, Catheter Laboratory kits and Invasive Pressure Monitoring kits which are provided to public and private hospitals throughout Australia. HCA continues to provide a high level of quality and customer service to ensure it is competitive in the market.

HCA has created a unique point of difference through the investment in a state of the art ethylene oxide steriliser and class 3000 clean room assembly facilities. This investment in the ETO capabilities has given HCA the opportunity to pursue OEM manufacture of kits and contract sterilisation services, both of which will be potential areas for strong growth.

Corporate and other

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

ITL Limited

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE HALF YEAR ENDED 31 DECEMBER 2012

11. SEGMENT REPORTING (continued)

Discontinued Operations:

Healthcare South East Asia (“HCSEA”)

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

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

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 2012 and 31 December 2011.

ITL Limited

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE HALF YEAR ENDED 31 DECEMBER 2012

11. SEGMENT REPORTING (continued)

Half Year ended 31 December 2012

	Innovat. Products Group \$'000	Health- care Aust. \$'000	Total Segments \$'000	Corporate & Other \$'000	Adjusts. And Elims. \$'000	Total Continuing Operations \$'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	17	27	-	-	27
Interest Revenue	-	-	-	-	-	-
	10	17	27	-	-	27
Total segment revenue	4,821	8,457	13,278	-	(86)	13,192
Result						
Segment results *	1,034	944	1,978	(520)	-	1,458
Restructuring expense	-	-	-	-	-	-
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

ITL Limited

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE HALF YEAR ENDED 31 DECEMBER 2012

11. SEGMENT REPORTING (continued)

Half Year ended 31 December 2011

	Innovat. Products Group \$'000	Health- care Aust. \$'000	Health- care SEA (disc. operation)	Total Segments \$'000	Corp. & Other \$'000	Adjusts. And Elims. \$'000	Total Cont. Ops. \$'000
Revenue							
External Customers	4,967	9,925	2,329	17,221	-	(2,329)	14,892
Inter Segment	184	-	-	184	-	(184)	-
	5,151	9,925	2,329	17,405	-	(2,513)	14,892
Other Revenue	8	12	1	21	323	(1)	343
Interest Revenue	37	1	20	58	-	(20)	38
	45	13	21	79	323	(21)	381
Total segment revenue	5,196	9,938	2,350	17,484	323	(2,534)	15,273
Result							
Segment results *	1,247	452	(364)	1,335	(43)	364	1,656
Restructuring expense	-	-	-	-	-	-	-
Earnings Before Interest and Tax *	1,247	452	(364)	1,335	(43)	364	1,656
Interest revenue	37	1	20	58	-	(20)	38
Interest expense	(7)	(35)	(105)	(147)	(15)	105	(57)
Income tax expense	(53)	-	-	(53)	(53)	-	(106)
Total segment results from continuing operations*	1,224	418	(449)	1,193	(111)	449	1,531

*Includes corporate recharges to each segment

Certain comparatives have been re-presented to conform with current year's presentation as a result of the disposal of ITL SEA Sdn Bhd and its subsidiaries.