Rules 4.3A

Appendix 4E
Preliminary Final 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: 30 June 2016
Previous Corresponding Period: 30 June 2015

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	Up	10%	to	31,083
2.2 Profit/(loss) after tax from ordinary activities attributable to members	Down	84 %	to	344
2.3 Net profit/(loss) for the period attributable to members	Down	84 %	to	344

2.4 Dividends	Amount per share	Franked Amount per share
Final dividend paid 2015	0.25 cents	0.25 cents
Interim dividend paid 2016	Nil cents	Nil cents
Final dividend declared 2016	Nil cents	Nil cents
2.5 Record date for determining entitlements to the final dividend	n/a	

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 Annual Report

3.0 NTA Backing	Current period **30 June 2016**	Previous Period **30 June 2015**
Net tangible asset backing per ordinary security	9.1 cents	11.2 cents
Net Asset Backing per ordinary security	15.0 cents	14.0 cents

4.0 Control gained or lost over entities having material effect

Following approval at the 26 November 2015 AGM, on 1 December 2015 ITL Limited completed the acquisition of 100% of the issued capital of MyHealthTest Pty Ltd.

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 Annual Report has been prepared based on 30 June 2016 accounts which have been audited by an independent Audit Firm in accordance with the requirements of S302 of the *Corporations Act 2001*.

Attachments forming part of Appendix 4E:

1. ITL Limited 2016 Annual Report

Signed here: ….…… Date: 22 August 2016

William Mobbs
Executive Chairman

Innovating Technologies for Life

2016
Annual Report

ITL 2016 ANNUAL REPORT

Contents to financial report

Chairman's Message to Shareholders

ITL Limited ("ITL") summarised financial results for the year were, as highlighted in our 21 June 2016 ASX release, constrained at profit level due to a number of factors outlined below. However, revenue is up 10% and the business secured 100% acquisition of MyHealthTest Pty Ltd, an early stage biotech focused on direct to consumer testing for the most common chronic diseases.

- Revenue was up 10% to $31.1m (2015: $28.3m);
- Profit before tax of $0.3m (2015: $1.6m);
- EBITDA was $1.6m (2015: $2.8m);
- Profit after tax of $0.3m (2015: $2.1m) ;
- Earnings per share of 0.4 cents (2015: 2.5 cents);
- Net asset backing per share 15.0 cents (2015: 14.0 cents)

Following the previous year's investment in Malaysian manufacturing facilities, 2015/16 was a year when strong growth initiatives and diversification of the business have been progressively implemented.

2015/16 has also seen a major change in the Company's growth and funding strategy. Over the last 5 years ITL has been returned to profitability and has increased returns to shareholders through franked dividends and share buybacks. ITL is now using its existing business to fund the transition through the next phase of its growth. This will come from the transformation of the business model to pursue high margin opportunities in emerging healthcare growth markets, accelerating development of innovative patented products for the global healthcare markets, and steering MyHealthTest ("MHT") to reach its commercial potential. We consider MyHealthTest to have a niche in a potentially enormous market place, in particular diabetes where their tests are receiving high praise from the relevant industry bodies.

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.

Whilst achieving strong underlying sales growth profits were reduced in 2015/16 compared to the previous year primarily due to:

- Operating losses of $0.4m in the MHT start up business which is anticipated to breakeven in late 2017/18,
- Contracting margins in the Healthcare Australia business. Strategies are being implemented to improve pricing, reduce material purchase costs and decrease labour costs partly through the transfer of some production to the Group's Malaysian manufacturing facilities, and,
- Breakdown of major cleanroom air conditioning facilities at our Malaysian factory in May 2016.

The Board is confident the Company's growth strategy with multiple revenue streams, and the profit improvement plans for the Healthcare Australia business, will enable ITL to provide increased returns to shareholders in the future.

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 (now into over 50 plus countries).

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 ("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.

MyHealthTest Pty Ltd (MHT)

MHT, a new segment following acquisition on 1 December 2015, is a Canberra based medical biotech company which provides direct to consumer pathology testing. Its mission is to help people monitor and manage their own health and wellbeing in a convenient manner. This is achieved through diagnosing and managing major chronic diseases. The initial launch related to the HbA1c test for diabetes which is the fastest growing chronic disease in most countries in the world including Australia.

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 22 August 2016 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 2016.

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

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

Following approval at the 26 November 2015 AGM, on 1 December 2015 ITL Limited completed the acquisition of 100% of the issued capital of MyHealthTest Pty Ltd ("MHT"). MHT is a Canberra based medical biotech company which provides direct to consumer pathology testing.

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

Dividends Paid or Recommended

The Board has not declared a dividend for the year ended 30 June 2016.

Review and Results of Operations

Profit after tax for the Consolidated Group for the year ended 30 June 2016 was $344k, which was $1,777k below the prior year 2014/15 profit of $2,121k.

Earnings per share for the year ended 30 June 2016 was 0.38 cents compared with the prior year outcome of 2.50 cents per share.

Income tax benefit was $15k (2015: $510k benefit). This reflects the continuation of benefits 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 $329k (2015: $1,611k).

Consolidated revenue was $31,083k, an increase of 10% compared with the prior year of $28,330k. Revenue for Healthcare Australia was up 7% to $19,872k driven by strong sales of Custom Procedure Packs to major hospitals particularly in NSW. ITL BioMedical revenue increased 25% to $13,910k due to increased sales to Healthcare Australia and OEM customers together with the stronger US dollar. The U.S. blood banking market continued to be flat.

Directors' Report

Whilst achieving a 10% increase in revenue, gross profit was down $323k or 3% due to :

- Pricing pressure and resultant margin erosion in the Australian healthcare market;
- Healthcare Australia revenue growth was in lower margin products;
- BioMed sales growth was in lower margin market segments i.e. OEM and Healthcare Australia, but this was more than offset by favourable foreign exchange movement for USD sales and favourable manufacturing variances due to higher production in Malaysia;
- Breakdown of major cleanroom air conditioning facilities at our Malaysian factory in May 2016; and,
- Provision for write-off of certain inventories due primarily to problems with various supplier materials.

Other Income increased from $329k to $387k due to $287k of grant income received in MyHealthTest (2015: nil)..

Expenses increased 10% or $1,017k due primarily to start-up costs of $726k relating to MyHealthTest which was acquired on 1 December 2015. Increased external BioMedical R&D expenses of $0.3m were offset by the absence of prior year one-off expenses associated with the MHT acquisition and commissioning of the new Malaysian factory.

Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)* for the year ended 30 June 2016 was $1,627k (2015: $2,787k). The reconciliation between Profit before tax and EBITDA* is as follows:

	2016 $'000	2015 $'000
Profit before Income Tax	329	1,611
Add back/(deduct):		
Depreciation and amortisation expense	935	927
Interest Expense	386	270
Interest Income	(23)	(21)
EBITDA*	1,627	2,787

*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 and is derived from information that has been audited,

Group Operating Cashflow for the year ended 30 June 2016 was $573k (2015: $1,360k) .This reflected lower cash profit together with increased inventories and trade debtors. The increase in inventories reflected both business growth and increased holdings associated with the transition of some production from Australia to Malaysia.

Capital expenditure of $1,023k (2015: $2,502k) primarily related to ITL Biomedical's Malaysian manufacturing facility and business systems development in MyHealthTest.

The net debt position was $5,525k at 30 June 2016 (2015: $4,542k). The Group's gearing, measured as net debt as a percentage of net debt plus equity, was 28% (2015: 28%).

Directors' Report

Strategy and Outlook

Following the previous year's investment in new Malaysian manufacturing facilities, 2015/16 was a year when strategic growth initiatives and diversification of the business have been progressively implemented, thus positioning the ITL Group for enhanced profitability going forward.

Key strategic initiatives included:

- Diversification of ITL business base to accelerate growth through the acquisition of MyHealthTest (see below);
- Strong BioMedical push for new growth markets, new product development and patent driven customer opportunities;
- Further expansion and diversification of manufacturing operations in Malaysia e.g. plastics extrusion will commence in the first half of 2016/17;
- Progressive transfer of certain products from Healthcare Australia to ITL's low cost modern Malaysian production facilities (see below);
- Growth of Healthcare Australia business through increased pack share in NSW & VIC and creation of markets for specialist kit supply Australia wide, and,
- Strategic sourcing of raw materials to reduce purchase costs.

MyHealthTest (MHT) provides direct to consumer pathology testing for major chronic diseases to help people conveniently monitor and manage their health and well-being. It is a start-up Company that is anticipated to breakeven in late 2017/18.

ITL acquired MHT in December 2015 and on 22 February 2016 announced it would increase its commitment and investment into the Company. Since then MHT has made significant progress in developing its business base and investing in the infrastructure to support its future operations:

- The initial launch related to the HbA1c test for diabetes which is the fastest growing chronic disease in most countries in the world including Australia;
- Establishment of major partnerships with ACT Diabetes, Diabetes NSW and NRMA;
- Extension of sales distribution network into pharmacies (refer 8 March ASX announcement) and major companies through the Corporate Wellness Program;
- Acceptance into HCF's Health Technology Accelerator Program (refer 16 March ASX announcement);
- Investment in key IT systems including eCommerce, results portal and laboratory software;
- Development of new tests potentially for cardiac, thyroid and prostate conditions in addition to original diabetes test; and,
- Recruitment of a management team and expert staff to support the above initiatives.

Healthcare Australia provides customised procedure packs, catheter laboratory kits and invasive pressure monitoring kits to Australian hospitals. These products have historically been manufactured at HCA's facilities in Melbourne.

As advised in numerous reports over the last few years the Australian market place has experienced and continues to experience continuous pricing pressure which has resulted in significant margin erosion. A number of strategies are being implemented to strengthen margins, reduce costs and improve profitability.

Following the commissioning of ITL's state of the art facility in Malaysia in 2015, production of certain labour intensive products have progressively been relocated from Melbourne to Malaysia. Currently, one third of HCA's revenue (approx.) is sourced from ITL's Malaysian manufacturing facility where the lower costs are translating into higher margins.

Directors' Report

Significant Changes in State of Affairs

At the Annual General Meeting of the company held on 26 November 2015, it was resolved that ITL Limited authorise and approve the buyback of up to 15% of the issued ordinary shares through an on-market buy-back. Based on the number of shares outstanding at the close of 25 November 2015 of 84,678,177 the maximum amount of the buyback over the next 12 months is 12,701,727 shares.

Following approval at the 26 November 2015 AGM, on 1 December 2015 ITL Limited completed the acquisition of 100% of the issued capital of MyHealthTest Pty Ltd ("MHT"). MHT is a Canberra based medical biotech company which provides direct to consumer pathology testing.

At the 26 November 2015 AGM, approval was also obtained for an additional 10% share placement capacity in addition to the 15% capacity available under Listing Rule 7.1.

Events After Balance Sheet Date

At the close of 19 August 2016 nil ordinary shares have been bought back since 30 June 2016. Issued capital at the close of business on 16 August 2016 is 95,357,346 ordinary shares.

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

Future Developments, Prospects and Business Strategies

The ITL Group has three 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 and to reduce the key risks identified from price erosion and lack of customer acceptance in new products. 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 whilst MyHealthTest is working towards ISO 15189 – Medical Testing accreditation. 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

William Mobbs	-	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 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 currently a director of Targeted Genomics Pty Ltd and not-for-profits Hospital Intellectual Property Group Limited and Hospital Intellectual Property NSW Limited. Mr. Mobbs is a former chairman of London AIM listed Seeing Machines Limited, startup direct -to-consumer pathology company MyHealthTest (now part of the ITL Group), Admin Bandit (IT Services) and a former director of Connexion Business Solutions (IT Services/solutions), as well as a former industry representative to the Therapeutic Goods Administration.
Interest in Shares and Options	-	Shares: 39,734,286 (as at 22/8/2016) Options: Nil (as at 22/8/2016)
Special Responsibilities	-	Executive Chairman

Andrew Turnbull	-	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. Upon the acquisition of Walter Turnbull by PwC Andrew took over as Managing Partner at PwC for Canberra with an office of 350 employees and 15 partners. Since leaving PwC, Andrew has established a specialised superannuation business Greenlight Super. Andrew is currently a non-executive director on a number of private companies and several community boards.
Interest in Shares and Options	-	Shares: 2,991,752 (as at 22/8/2016) Options: Nil (as at 22/8/2016)
Special Responsibilities	-	Chairman of Audit and Risk Management Committee

Directors' Report

Mark Peatey	-	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 22/8/2016) Options: Nil (as at 22/8/2016)
Special Responsibilities	-	Member of Audit and Risk Management Committee

Company Secretary

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

Directors' Meetings

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

	Directors' Meetings		**Audit & Risk Management Committee**		**Independent Board Committee**	
	Number eligible to attend	**Number attended**	**Number eligible to attend**	**Number attended**	**Number eligible to attend**	**Number attended**
W Mobbs	9	9	-	-	-	-
A Turnbull	9	9	4	4	2	2
M Peatey	9	9	4	4	2	2

Directors' Report

Remuneration Report (audited)

This remuneration report for the year ended 30 June 2016 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, Key Management Personnel includes the Executive Chairman (CEO & Director), executive directors, senior executives, general managers and company secretaries of the Parent and the Group.

Key Management Personnel

Details of key management personnel are set out below.

Directors

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

Executives

David Holden	Chief Financial Officer (retired 30 June 2016)
Narinder Kanda	General Manager Healthcare Australia
Craig Wilson	General Manager ITL BioMedical
Nick Cerneaz	General Manager MyHealthTest (acquired 1 December 2015)
Stephanie Norrell	Vice President Sales & Marketing North America
Trevor Doolan	Company Secretary & Group Financial Controller

The Chief Financial Officer (Mr. David Holden) retired effective 30 June 2016 and Mr. Trevor Doolan was appointed to the role effective 1 July 2016. Mr. Doolan will continue as Company Secretary. There were no other 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 remuneration (which is based on factors such as length of service and experience), superannuation (where applicable), 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 cost or fair value 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 May 2016. This included market data on KMP remuneration and advice on market trends. Total consideration paid for all these services was $3,500. The Board also engaged Crichton and Associates Pty Ltd in January 2016 for $4,633 to review the current remuneration and short term incentives of the Executive Chairman. 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 consultants. Further, the consultants make 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. 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 2016, no short term performance based bonuses were awarded to the key management personnel. At this stage a long term incentive plan has not yet been put in place.

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

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

	2012	2013	2014	2015	2016
Revenue	$30.6m	$24.9m	$25.9m	$28.3m	$31.1m
Profit/(loss) after Tax	$1.3m	$2.5m	$2.0m	$2.1m	$0.3m
Profit/(loss) before Tax	$1.6m	$2.5m	$2.1m	$1.6m	$0.3m
Share Price at year-end	$0.195	$0.30	$0.21	$0.20	$0.165
Dividends Paid (per share)	Nil	$0.005	$0.0125	$0.010	Nil

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.

There were 612,779 shares issued to one of the key management personnel during the year ended 30 June 2016. These shares were issued on 22 June 2016 at the closing price on 21 June 2016 of $0.155 cents per share and under the terms and conditions of the ESP. These shares were issued to settle a deferred bonus provision for Mr N Cerneaz, the General Manager of MyHealthTest. This provision formed part of the opening balances on acquisition and did not form part of ITL Limited's post acquisition expenses.

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

	2016 $000's	2015 $000's
Shares issued under ESP	-	385
	-	385

Directors' Report

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:

2016	Short Term Benefits		Post Employment	Long Term Benefits	Total	Perf. Related
$	Cash Salaries & fees	Non Monetary Benefits	Superannuation	Long Service Leave		%
Non-Executive Directors						
A Turnbull	72,000	-	-	-	72,000	-
M Peatey	72,000	-	-	-	72,000	-
Total	144,000	-	-	-	144,000	-
Executive Director						
W Mobbs	125,000	-	-	-	125,000	-
Total	125,000	-	-	-	125,000	-
Other KMP						
W Mobbs	278,100	-	-	-	278,100	-
D Holden	173,968	-	-	-	173,968	-
S Norrell #	320,963	13,190	9,629	-	343,782	-
N Kanda	230,984	-	21,943	5,106	258,033	-
C Wilson	252,350	-	-	-	252,350	-
N Cerneaz (a)	112,615	-	10,698	342	123,655	-
T Doolan	150,847	-	14,330	6,362	171,539	-
Total Other KMP	1,519,827	13,190	56,600	11,810	1,601,427	-
Total	1,788,827	13,190	56,600	11,810	1,870,427	-

(a) Remuneration for N Cerneaz is for the 7 months from 1 December 2015 i.e. the acquisition date of MyHealthTest Pty Ltd. Mr Cerneaz also received shares as settlement of a deferred bonus that had been accrued at 30/11/2015 and which formed part of the opening balances on acquisition of MyHealthTest Pty Ltd and included as part of Trade and other payables in Note 30.

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

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

Directors' Report

2015	Short Term Benefits			Post Employ-ment	Long Term Benefits	Share based payments		Total	Perf. Related
$	Cash Salaries & fees	Cash Bonus	Non Monetary Benefits	Superann uation	Long Service Leave	2014/15 Salary & Fees (a)	2014/15 Bonus (a)		%
Non-Executive Directors									
A Turnbull (b)	108,000	-	-	-	-	-	-	108,000	-
M Peatey (b)	90,000	-	-	-	-	-	-	90,000	-
S Sehgal	26,000	-	-	-	-	-	-	26,000	-
Total	224,000	-	-	-	-	-	-	224,000	-
Executive Director									
W Mobbs	-	-	-	-	-	128,438	-	128,438	-
Total	-	-	-	-	-	128,438	-	128,438	-
Other KMP									
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
Total Other KMP	1,084,154	86,000	11,541	43,870	6,157	256,875	-	1,488,597	5.8
Total	1,308,154	86,000	11,541	43,870	6,157	385,313	-	1,841,035	4.7

(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:

	$ Cash Foregone	Shares Issued	$ Fair Value
Salaries & Fees			
W Mobbs (Chairman)	125,000	625,000	128,438
W Mobbs (CE0)	250,000	1,250,000	256,875
Total Salaries & Fees	**375,000**	**1,875,000**	**385,313**

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.

Directors' Report

Shareholdings of key management personnel

	Balance 1/7/2015	Net Change other*	Balance 30/6/2016
Directors			
William Mobbs	**33,010,416**	6,723,870†	**39,734,286**
Andrew Turnbull	**2,991,752**	-	**2,991,752**
Mark Peatey	**-**	-	**-**
Executives			
David Holden	**662,546**	(176,154)	**486,392**
Narinder Kanda	**694,644**	4,800	**699,444**
Craig Wilson	**1,604,542**	260,010†	**1,864,552**
Stephanie Norrell	**2,079,750**	260,010†	**2,339,760**
Nick Cerneaz	**-**	945,592*†	**945,592**
Trevor Doolan	**57,511**	-	**57,511**
Total	**41,101,161**	**8,018,128**	**49,119,289**

* Net change other refers to shares purchased or sold during the financial year.
† Shares received in exchange for shares held in MyHealthTest Pty Ltd
*† This includes 612,779 shares N Cerneaz received as settlement of a deferred bonus that had been accrued at 30/11/2015 and which formed part of the opening balances on acquisition of MyHealthTest Pty Ltd and 332,813 shares N Cerneaz received in exchange for shares held in MyHealthTest Pty Ltd

Options and Rights Holdings

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

Loans to key management personnel

$	Balance at beginning	Interest Charged	Interest not charged	Balance at end	Highest balance during period
William Mobbs	469,944	22,488	-	-	492,432

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 was payable at 12% and there was accrued interest of $19,944 at 30 June 2015. On 30 November 2015 the loan was fully repaid.

Directors' Report

Other transactions with KMP and their related parties

Transactions - other directors' interests		Sales $'000	Amounts owed from $'000	Purchases $'000	Amounts owed to $'000
	2016	6	-	27	27
	2015	20	-	-	-

During the year and prior to the completion of the acquisition of My HealthTest Pty Ltd, ITL Corporation Pty Ltd provided services at market price for $5,544 to MyHealthTest Pty Ltd. The latter is a company whose majority shareholding was controlled by Mr W Mobbs (Executive Chairman, ITL).

On 15 June 2016 ITL Limited engaged Maxim Chartered Accountants, a company of which Mr M Peatey (non-executive director) is a partner, to provide financial advisory services on commercial terms for a company of this size. The minimum fee commitment is $27,000.

Acquisition of MHT
As outlined in Note 30, during the year ITL acquired 100% of the share capital of MyHealthTest Pty Ltd, a company in which Mr. W Mobbs had a 67.2% interest.

Engagement Details of Directors and Senior Executives

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

Craig Wilson, General Manager of ITL BioMedical is engaged under a Consultancy Agreement effective 1 July 2012 with his company Cocama Trading Pty Ltd. The total consultancy fee is $284,299 p.a., plus incentive based on performance. The consultancy fee included a remuneration to Craig Wilson of $252,350 p.a. and general office expenses of $31,949. 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 $252,350 p.a. plus incentives based on performance. The notice period is three months or in the case of a takeover six months.

Nick Cerneaz, General Manager My HealthTest Pty Ltd is employed under an ongoing contract effective 1 December 2015. The remuneration package totals $220,000 and an annual bonus based on performance. Either part may terminate the contract by 3 months' notice.

David Holden, Chief Financial Officer, was engaged part time under an ongoing contract through his company Montague Corporate Services Pty Ltd commencing 2 August 2010. Remuneration was based on a daily rate plus incentives based on performance. The notice period was 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$252,350 and an annual bonus based on performance. Either party may terminate the contract by six months' notice.

Trevor Doolan, previously Group Financial Controller and Company Secretary, and appointed as Chief Financial Officer and Company Secretary effective 1 July 2016, is employed under an ongoing employment agreement effective 8 November 2010. Total fixed remuneration package is $200,000 p.a. plus incentives based on performance. The notice period is three months.

End of remuneration report.

Directors' Report

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.

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

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 $55,339 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 provided by Ernst Young Australia and its related entities during the year ended 30 June 2016 related to acquisition related services for $9,467.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 for the year ended 30 June 2016 has been received and is reproduced immediately following the Directors' Report.

Directors' Report

Rounding of Amounts

The company is an entity to which ASIC Instrument 2016/191 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 22nd day of August 2016

Auditor's Independence Declaration

Ernst & Young Services Pty Limited
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Auditor's Independence Declaration to the Directors of ITL Limited

As lead auditor for the audit of ITL Limited for the financial year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Ernst & Young

Ernst & Young

Ashley Butler
Partner
Melbourne
22 August 2016

Consolidated Statement of Profit or Loss

for the year ended 30 June

	Note	2016 $000's	2015 $000's
Revenue	2	31,083	28,330
Cost of Sales		(19,883)	(16,807)
Gross Profit		11,200	11,523
Other income	2	387	329
Employee benefits expense		(6,920)	(6,464)
Depreciation and amortisation expense	3	(280)	(295)
Finance costs	3	(386)	(270)
Occupancy expenses		(1,155)	(1,185)
R&D expenses – 3rd party		(354)	(68)
Travel and accommodation		(431)	(419)
Audit, legal & insurance		(792)	(843)
Other expenses from ordinary activities		(940)	(697)
Total Expenses		(11,258)	(10,241)
Profit before income tax expense		329	1,611
Income tax (expense)/benefit	4	15	510
Profit for the Year		**344**	**2,121**
Profit attributable to members of the parent		344	2,121
Earnings per Share	7		
Basic profit per share (cents per share)		0.38 cents	2.50 cents
Diluted profit per share (cents per share)		0.38 cents	2.50 cents

Expenses categories in 2016 have been adjusted to provide more meaningful information. The 2015 comparative expenses have been restated to reflect this change. These changes introduce new categories for "R&D expenses – 3rd party" to reflect the increased focus on R&D within the Group and for "Audit, Legal and Insurance" (relaced "Business insurance category) so as to group professional services together for more meaningful analysis

The accompanying notes form part of these financial statements

Consolidated Statement of Comprehensive Income

for the year ended 30 June

	Note	2016 $000's	2015 $000's
Profit		**344**	**2,121**
Other Comprehensive Income			
Items that may be reclassified subsequently to Profit or Loss			
Exchange differences on translating foreign operations		(141)	238
Income tax effect		-	-
Other comprehensive income for the period, net of tax		(141)	238
Total comprehensive income attributable to members of the parent		**203**	**2,359**

The accompanying notes form part of these financial statements

Consolidated Balance Sheet

as at 30 June

	Note	2016 $000's	2015 $000's
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	**8**	611	1,103
Trade and other receivables	**9**	5,044	4,694
Inventories	**10**	6,682	5,645
Other current assets	**11**	696	1,007
TOTAL CURRENT ASSETS		13,033	12,449
NON-CURRENT ASSETS			
Property, plant and equipment	**12**	6,139	6,371
Product tooling	**13**	700	600
Intangible assets	**14**	3,624	466
Deferred tax assets	**18**	1,987	1,937
TOTAL NON-CURRENT ASSETS		12,450	9,374
TOTAL ASSETS		**25,483**	**21,823**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	**16**	3,691	3,088
Borrowings	**17**	2,560	2,279
Current tax liabilities	**18**	-	--
Short-term provisions	**19**	889	811
TOTAL CURRENT LIABILITIES		7,140	6,178
NON-CURRENT LIABILITIES			
Borrowings	**17**	3,576	3,366
Long-term provisions	**19**	501	400
TOTAL NON-CURRENT LIABILITIES		4,077	3,766
TOTAL LIABILITIES		**11,217**	**9,944**
NET ASSETS		**14,266**	**11,879**
EQUITY			
Issued capital	**20**	31,869	29,474
Foreign currency translation reserve	**21**	(1,089)	(948)
Accumulated losses		(16,514)	(16,647)
TOTAL EQUITY		**14,266**	**11,879**

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity

for the year ended 30 June

	Note	Issued Capital	Foreign Currency Translation Reserve	Asset Revaluation Reserve	Accum. Losses	Total
		$000's	$000's	$000's	$000's	$000's
Balance at 1 July 2015		**29,474**	**(948)**	**-**	**(16,647)**	**11,879**
Profit for the period		-	-	-	344	344
Other comprehensive income		-	(141)	-	-	(141)
Total comprehensive income for the year		-	(141)	-	344	203
Transactions with owners in their capacity as owners:						
Dividend Payment		-	-	-	(211)	(211)
Shares issued (acquisition of MHT)		2,300	-	-	-	2,300
Share buyback		(48)	-	-	-	(48)
Transaction Costs		-	-	-	-	-
Share based payments	**30**	143	-	-	-	143
Balance at 30 June 2016		**31,869**	**(1,089)**	**-**	**(16,514)**	**14,266**
Balance at 1 July 2014		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 buyback		(206)	-	-	-	(206)
Transaction Costs		(1)	-	-	-	(1)
Share based payments		585	-	-	-	585
Balance at 30 June 2015		**29,474**	**(948)**	**-**	**(16,647)**	**11,879**

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows

for the year ended 30 June

	Note	2016 $000's	2015 $000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		329	1,611
Non-cash items:			
Depreciation & amortisation	3	935	927
Net (gain)/loss on disposal of assets		12	(157)
Unrealised loss/(gain) on foreign currency transactions		(41)	156
Share based payments	20	-	585
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:			
(Increase) in trade and other receivables	9	(338)	(903)
Decrease/(Increase) in other current assets	11	311	(328)
(Increase) in Inventories	10	(1,021)	(1,276)
Increase in trade and other payables	16	253	678
Increase in provisions	19	95	110
Income Tax Refund /(Paid)		38	(43)
Net cash flow from operating activities		573	1,360
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for product tooling	13	(210)	(225)
Payment for property, plant and equipment	12	(257)	(2,154)
Payment for intangible assets	14	(556)	(123)
Acquisition of a subsidiary, net of cash acquired	30	(264)	-
Proceeds from the sale of property, plant and equipment		-	1,246
Net cash flow (used in) investing activities		(1,287)	(1,256)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	17	491	1,942
Payment for dividends	6	(211)	(853)
Payment for Share buyback	20	(48)	(207)
Net cash flow from financing activities		232	882
NET INCREASE (DECREASE) IN CASH HELD		(482)	986
Net foreign exchange differences		(10)	(5)
Cash at beginning of period	8	1,103	122
CASH AT END OF PERIOD	8	611	1,103

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 2016. 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 ("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.

MyHealthTest Pty Ltd (MHT)

MHT, a new segment following acquisition on 1 December 2015, is a Canberra based medical biotech company which provides direct to consumer pathology testing. Its mission is to help people monitor and manage their own health and wellbeing in a convenient manner. This is achieved through diagnosing and managing major chronic diseases. The initial launch related to the HbA1c test for diabetes which is the fastest growing chronic disease in most countries in the world including Australia.

Notes to the consolidated financial statements

Note 1: Statement of Significant Accounting Policies (continued)

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.

(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.

Notes to the consolidated financial statements

Note 1: Statement of Significant Accounting Policies (continued)

(e) Property, Plant and Equipment (continued)

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	10-20%
Building Improvements	2.6-3.0%
Computer & office equipment	5-33.3%
Computer software	20-33.3%
Product development	5-10%
Product tooling	5-25%
Plant and equipment	5-20%

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) Intangible Assets

Goodwill on acquisition
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, Trademarks and Licenses
Patents and Trademark, including identifiable intellectual property acquired through business combinations, 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 5 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)

(i) Intangible Assets (continued)

Business Development Software

Business development software is measured on the cost basis. The carrying amount of business development software 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.

(j) Foreign Currency Transactions and Balances

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

	30-Jun-16	30-Jun-15
Spot rate		
AUD/MYR	2.9905	2.8905
AUD/USD	0.7426	0.7655
Average rate for the year ended 30 June		
AUD/MYR	3.0000	2.8771
AUD/USD	0.7278	0.8318

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.

Notes to the consolidated financial statements

Note 1: Statement of Significant Accounting Policies (continued)

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.

(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.

(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.

Notes to the consolidated financial statements

Note 1: Statement of Significant Accounting Policies (continued)

(n) Revenue (continued)

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).

(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.

Notes to the consolidated financial statements

Note 1: Statement of Significant Accounting Policies (continued)

(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

(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 2016 there were unused tax losses of $43k for which no deferred tax asset has been recognised. The potential tax benefit of $13k has not been recognised. At 30 June 2016 there was also eligible R&D expenditure of $1,425k during 2015/16 for which a deferred tax asset has not been recognised. The potential tax benefit of $570k 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 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments.

AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.

New standards and interpretations not yet adopted:

The following standards, which will become mandatory for the Consolidated Group's 30 June 2017 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, expected-loss impairment recognition on expected credit losses and reformed approach to hedge accounting. 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 2014-4 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 2019 Financial Statements. The Consolidated Group is still assessing the potential effect of the standard.

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 16 Leases requires Lessees to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. Assets and liabilities arising from the lease are initially measured on a present value basis. AASB 16 also contains disclosure requirements. The new standard is effective from 1 January 2019 and the Consolidated Group has not yet determined the potential effect of the standard.

AASB 2016-2 Amendments to Australian Accounting Standards- Disclosure Initiative: Amendments to AASB 107 Statement of Cash Flows amends disclosure requirements in relation to changes in liabilities arising from financing activities. The amendment is not effective until 1 July 2017 and the Consolidated Group has not yet determined the potential effect of the standard.

IFRS 2 (Amendments) Classification and Measurement of Share-based Payment Transactions clarifies how to account for certain types on share-based payment transactions. The amendment is not effective until 1 July 2018 and the Consolidated Group has not yet determined the potential effect of the standard.

Notes to the consolidated financial statements

	2016 $000's	2015 $000's
Note 2: Revenue and Other Income		
Revenue		
ITL BioMedical	13,910	11,126
Healthcare Australia	19,872	18,626
MyHealthTest	5	-
Inter Segment	(2,704)	(1,422)
Total Sales Revenue	31,083	28,330
Other Income		
Gain on sale of property	-	245
Interest income	23	21
Grant Income	287	-
Other	77	63
Total Other Income	387	329
Total Income	**31,470**	**28,659**

Note 3: Expenses		
Depreciation of non-current assets:		
Property, plant and equipment	721	659
Product tooling	86	77
Total depreciation	807	736
Amortisation of intangible assets	128	191
Total Depreciation and Amortisation	935	927
Less: Depreciation and Amortisation included in Cost of Sales	(655)	(632)
Depreciation and amortisation expense	**280**	**295**
Finance costs	386	270
Legal fees	312	407
Audit, accounting and taxation services	209	204
Share-based payments expense	-	14
Post-employment benefits expense:		
Total post-employment benefits expenses	636	561
Expensed to cost of goods sold	(221)	(197)
Post-employment benefits expense	**415**	**364**
Rental expense on operating leases:		
- minimum lease payments	**564**	**565**

Notes to the consolidated financial statements

	2016 $000's	2015 $000's
Note 4: Income Tax (Benefit)/Expense		
a. The components of tax (benefit)/expense comprise:		
Current tax	374	789
Deferred tax	(384)	(1,297)
Over provision in respect of prior years	(5)	(2)
	(15)	(510)
b. 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	329	1,611
Prima facie tax payable/(benefit) on profit before income tax at 30% (2015: 30%)	99	483
Add:		
Tax effect of:		
- other non-allowable items	293	-
- share based payments	-	4
- non-deductible entertainment	1	1
	393	488
Less:		
Tax effect of:		
- foreign tax rate adjustment	57	28
- other non-allowable items	-	179
- Over provision for income tax in prior years	-	2
- Utilisation of previously unrecognised tax losses	351	789
Income tax (benefit)/expense	**(15)**	**(510)**
The applicable weighted average effective tax rates are as follows:	*(4.6%)*	*(31.7%)*

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

	2016 $000's	2015 $000's
c. Unused tax losses for which no deferred tax asset has been recognised:	43	1,214
Potential tax benefit @ 30%	**13**	**364**
d. R&D eligible expenditure for which no deferred tax asset has been recognised:	1,425	-
Potential tax benefit @ 40%	**570**	**-**

Notes to the consolidated financial statements

	2016 $000's	2015 $000's
Note 5 Auditor's Remuneration:		
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	118	84
Other services in relation to the entity and any other entity in the Consolidated Group	9	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	44	43
Other services in relation to the entity and any other entity in the Consolidated Group	-	28
	171	165

Notes to the consolidated financial statements

	2016 $000's	2015 $000's
Note 6: Dividends paid and proposed		
Declared and paid during the year:		
Dividends on ordinary shares:		
Interim dividend for 2016: nil cents per share (2015: 0.5 cents per share fully franked)	-	426
Final dividend for 2015: 0.25 cents per share partly franked (2014: 0.5 cents per share fully franked)	211	427
Dividends paid	**211**	**853**
Declared after the year end:		
Final dividend for 2016: nil cents per share (2015:0.25 cents per share)	-	211
Balance of franking account at year end	-	89
Franking debits that will arise from the payments of dividends as at the end of the financial year	-	(89)
	-	-

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	344	2,121
	000's	**000's**
Weighted average number of ordinary shares used in the calculation of basic EPS	90,426	84,862
Weighted average number of options outstanding	-	-
Weighted average number of ordinary shares used in the calculation of dilutive EPS	90,426	84,862
Earnings per share (cents)	**0.38**	**2.50**

	2016 $000's	2015 $000's
Note 8: Cash and Cash Equivalents		
Cash on hand	2	2
Cash at bank	609	1,101
	611	**1,103**

The effective interest rate on short-term bank deposits was 0.1% (2015: 0.1%); these deposits are at call.

Notes to the consolidated financial statements

Note 9: Trade and other receivables

	2016 $000's	2015 $000's
Current		
Trade receivables	4,708	4,501
Allowance for impairment loss	(30)	(33)
Other receivables	359	226
Accrued revenue	7	-
	5,044	**4,694**

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:

	2016 $000's	2015 $000's
Balance at 1 July	33	6
Amounts written off	(11)	(1)
Charge for the year	8	28
Balance at 30 June	**30**	**33**

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

	2016 $000's	2015 $000's
Current		
Raw materials and stores (at lower of cost and net realisable value)	3,472	2,944
Work in progress (at cost)	223	300
Finished goods (at lower of cost and net realisable value)	2,987	2,401
	6,682	**5,645**

During 2016 $442k (2015: $216k) was recognised as an expense for inventories carried at net realisable value. This is recognised in cost of sales.

Note 11: Other current assets

Loan to Related Party*	-	470
Deposits to suppliers	269	157
Prepayments	427	380
	696	**1,007**

* Refer to Note 26 for details

Notes to the consolidated financial statements

Note 12: Property, Plant and Equipment

	2016 $000's	2015 $000's
Land and buildings		
Land and buildings at cost	1,248	1,292
Less: accumulated depreciation	(76)	(48)
Total land and buildings at cost	**1,172**	**1,244**
Total land and buildings	**1,172**	**1,244**
Plant and equipment		
Furniture & fittings at cost	429	399
Less : accumulated depreciation	(242)	(223)
Total furniture & fittings	**187**	**176**
Computer & office equipment at cost	938	882
Less : accumulated depreciation	(646)	(601)
Total computer & office equipment	**292**	**281**
Plant & Equipment at Cost	6,798	6,416
Less : accumulated depreciation	(3,910)	(3,636)
Total Plant & Equipment at Cost	**2,888**	**2,780**
Leasehold improvements at cost	3,690	3,677
Less : accumulated depreciation	(2,090)	(1,787)
Total leasehold improvements	**1,600**	**1,890**
Total plant and equipment	**4,967**	**5,127**
Total property, plant and equipment	**6,139**	**6,371**

Notes to the consolidated financial statements

Note 12: Property, Plant and Equipment (continued)

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	Construct. in Progress $000's	Total $000's
Cost or Valuation							
At 30 June 2014	**1,234**	**386**	**742**	**5,874**	**2,064**	**556**	**10,856**
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)	-
At 30 June 2015	1,292	399	882	6,416	3,677	-	12,666
Additions	-	18	67	138	34	-	257
Acquisition of subsidiary		20	23	361	33	-	437
Exchange Differences	(44)	(6)	(9)	(112)	(54)	-	(225)
Disposals	-	(2)	(25)	(5)	-	-	(32)
At 30 June 2016	1,248	429	938	6,798	3,690	-	13,103
Accumulated Amortisation							
At 30 June 2014	**15**	**331**	**609**	**3,523**	**1,543**	**-**	**6,021**
Depreciation	32	20	63	300	244	-	659
Exchange Differences	1	17	11	109	-	-	138
Disposals	-	(145)	(82)	(296)	-	-	(523)
At 30 June 2015	48	223	601	3,636	1,787	-	6,295
Depreciation	30	21	66	334	270	-	721
Acquisition of subsidiary		1	2	21	33	-	57
Exchange Differences	(2)	(1)	(2)	(77)	-	-	(82)
Disposals	-	(2)	(21)	(4)	-	-	(27)
At 30 June 2016	76	242	646	3,910	2,090	-	6,964
Net Book Value							
30 June 2015	1,244	176	281	2,780	1,890	-	6,371
30 June 2016	1,172	187	292	2,888	1,600	-	6,139

Notes to the consolidated financial statements

	2016 $000's	2015 $000's
Note 13: Product Tooling		
Product tooling:		
At cost	1,343	1,176
Less : accumulated depreciation	(643)	(576)
Total product tooling	**700**	**600**

Movements in carrying amounts

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

Cost or Valuation	$000's
At 30 June 2014	**917**
Additions	225
Exchange Differences	38
Disposals	(4)
At 30 June 2015	**1,176**
Additions	210
Exchange Differences	(36)
Disposals	(7)
At 30 June 2015	**1,343**
Accumulated Amortisation	
At 30 June 2014	**486**
Amortisation	77
Exchange Differences	17
Disposals	(4)
At 30 June 2015	**576**
Amortisation	86
Exchange Differences	(16)
Disposals	(3)
At 30 June 2016	**643**
Net Book Value	
30 June 2015	600
30 June 2016	700

Notes to the consolidated financial statements

	2016 $000's	2015 $000's
Note 14: Intangible Assets		
Business development software at cost	1,733	1,217
Less: accumulated amortisation	(1,096)	(1,009)
	637	**208**
Patents, trademarks and licenses at cost	1,787	1,594
Less: accumulated amortisation	(1,375)	(1,336)
	412	**258**
Product development at cost	764	764
Less: accumulated amortisation	(764)	(764)
	-	**-**
Goodwill on acquisition of subsidiary at fair value	2,575	-
	3,624	**466**

Intangible assets, other than goodwill, have a finite life. Patents, trademarks and licenses include identifiable intellectual property acquired through business combinations. The current charges for intangible assets are included under depreciation and amortisation expense in 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	Goodwill on acquisition $000's	Total $000's
Cost or Valuation					
At 30 June 2014	**764**	**1,246**	**1,590**	**-**	**3,600**
Additions	-	84	39	-	123
Exchange Differences	-	10	-	-	10
Disposals	-	(123)	(35)	-	(158)
At 30 June 2015	**764**	**1,217**	**1,594**	**-**	**3,575**
Additions	-	472	84	-	556
Acquisition of subsidiary	-	50	113	2,575	2,738
Exchange Differences	-	(4)	-	-	(4)
Disposals	-	(2)	(4)	-	(6)
At 30 June 2016	**764**	**1,733**	**1,787**	**2,575**	**6,859**
Accumulated Amortisation					
At 30 June 2014	**659**	**1,071**	**1321**	**-**	**3,051**
Amortisation	105	52	34	-	191
Exchange Differences	-	10	-	-	10
Disposals	-	(124)	(19)	-	(143)
At 30 June 2015	**764**	**1,009**	**1,336**	**-**	**3,109**
Amortisation	-	87	41	-	128
Acquisition of subsidiary		5	-		5
Exchange Differences	-	(3)	-	-	(3)
Disposals	-	(2)	(2)	-	(4)
At 30 June 2016	**764**	**1,096**	**1,375**	**-**	**3,235**
Net Book Value					
30 June 2015	-	208	258	-	466
30 June 2016	-	637	412	2,575	3,624

Notes to the consolidated financial statements

Note 15: Goodwill

Goodwill, acquired through business combinations (see Note 30), is allocated to the MyHealthTest CGU, which is also an operating segment, for impairment testing.

Carrying amount of Goodwill:

	2016 $'000	2015 $'000
Goodwill	2,575	-

The Group performed its impairment test on goodwill in June 2016. As MyHealthTest is an IP & start-up R&D company it has not yet generated substantial or material independent cash flows due to its early stage life cycle and IT and product development activities. Impairment testing has been carried out based on a review of milestone achievements. This shows a high level of achievement within target timelines. The Independent Expert Report dated 13/10/2015, which is still considered valid, further supported the recoverable amount being over the carrying value. It was concluded that this supports the current carrying value of MyHealthTest including its goodwill.

	2016 $000's	2015 $000's
Note 16: Trade and Other Payables		
Current		
Unsecured liabilities		
Trade payables	2,084	1,531
Sundry payables and accrued expenses	1,607	1,557
	3,691	**3,088**

Notes to the consolidated financial statements

Note 17: Borrowings	**2016 $000's**	**2015 $000's**
Current		
Secured liabilities		
Bank overdraft	388	-
Bankers Acceptances	1,292	1,257
Bank loans	648	873
Non-bank finance	232	149
	2,560	**2,279**
Non Current		
Secured liabilities		
Bank loans	3,294	3,259
Non-bank finance	282	107
	3,576	**3,366**
Bank overdraft	388	-
Bankers acceptances	1,292	1,257
Bank loans	3,942	4,132
Non-bank finance	514	256
Total Borrowings	**6,136**	**5,645**

The carrying amounts of assets pledged as security are:		
First mortgage		
Land and buildings	1,172	1,244
Other assets pledged as security	24,311	20,579
Total assets pledged as security	25,483	21,823

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, hire purchase and other finance facilities including two bank guarantees equivalent to $80,256 (RM 240,000) and $13,728 (RMB 66,000) respectively, provided to two third parties. These facilities are secured by registered 1st to 3rd legal charges over the company's factory at Bemban in Malaysia, 1st to 9th debenture charges over both current and future fixed and floating assets of the company and parent entity corporate guarantees.

MyHealthTest Pty Ltd has provided a bank guarantee to a third party for $6,545. This is secured by a term deposit.

Notes to the consolidated financial statements

Note 18: Tax Assets / (Liabilities)	2016 $000's	2015 $000's
Current		
Income tax receivable	-	-
Income tax payable	-	-

Non-Current	Opening Balance $000's	Charged to Income $000's	Closing Balance $000's
Deferred Tax Asset			
Property, Plant & Equipment	623	(117)	506
R&D eligible expenditure (refer Note 1 (v) (i))	810	1	811
Other	504	166	670
Balance at 30 June 2016	**1,937**	50	**1,987**
Property, Plant & Equipment	682	(59)	623
R&D eligible expenditure	482	328	810
Other	219	285	504
Balance at 30 June 2015	**1,383**	554	**1,937**

Note 19 Provisions	2016 $000's	2015 $000's
Short-term		
Employee benefits	880	811
Grant income provision	9	-
	889	**811**
Long-term		
Employee benefits	102	67
Make good provision	343	333
Grant income provision	56	-
	501	**400**

Movement in the make good provision is as follows: -

	2016 $000's	2015 $000's
Balance at 1 July	333	327
Unwinding of provision	-	-
Discount rate adjustment	-	-
Increase in provisions	10	6
Balance at 30 June	**343**	**333**

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.

MyHealthTest Pty Ltd has received commercialisation grant funds of which a portion relates to purchase of plant and equipment. This is being held in provisions and is to be amortised to profit over the life of the assets in accordance with AASB120.

Notes to the consolidated financial statements

	2016 $000's	2015 $000's
Note 20: Issued Capital		
a. Ordinary shares		
At beginning of reporting period	29,474	29,096
Share Buy back (i)	(48)	(206)
Transaction costs net of tax (ii)	-	(1)
Shares issued during the period (share based payments) (iii)	143	585
Shares issued (acquisition of MHT)(iv)	2,300	-
	31,869	**29,474**

	No. 000's	No. 000's
At beginning of reporting period	84,678	82,760
Share Buy back (i)	(240)	(939)
Shares issued during the period (share based payments) (iii)	919	2,857
Shares issued (acquisition of MHT)(iv)	10,000	-
	95,357	**84,678**

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.

		2016	2015
(i)	Buy back average price	$0.201	$0.220
	Buy back price range	$0.190-$0.205	$0.200-$0.225
	Total cost of buy back $'000s	48	206

(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. There were 612,779 shares issued to one of the key management personnel during the year ended 30 June 2016. These shares were issued on 22 June 2016 at the closing price on 21 June 2016 of $0.155 cents per share and under the terms and conditions of the ESP. These shares were issued to settle a deferred bonus provision for Mr N Cerneaz, the General Manager of MyHealthTest. This provision formed part of the opening balances on acquisition and did not form part of ITL Limited's post acquisition expenses. Details are as follows:

	2016	2015
• 22/6/2016 - issue price	$0.155	-
- fair value	$0.155	-
• 14/8/2014 - issue price	-	$0.200
- fair value	-	$0.205

(iv) 10,000,000 shares were issued for $2,300,000 during the year ended 30 June 2016 as consideration for 100% of the issued capital in MyHealthTest Pty Ltd. This transaction was approved at the AGM held 26 November 2015 and completed on 1 December 2015.

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:

	Note	2016 $000's	2015 $000's
Total borrowings	17	6,136	5,645
Less cash and cash equivalents	8	(611)	(1,103)
Net debt		5,525	4,542
Total equity		14,266	11,879
Total Net Debt and Equity		19,791	16,421
Gearing ratio (Net Debt/Net Debt + Equity)		28%	28%

Note 21: Reserves

	2016 $000's	2015 $000's
(a) Foreign Currency Translation Reserve		
At beginning of year	(948)	(1,186)
Foreign Currency translation differences	(141)	238
	(1,089)	(948)
(b) Asset Revaluation Reserve		
At beginning of year	-	48
Fair value revaluation of land and buildings	-	-
Transfer to Retained Earnings	-	(48)
	-	-

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.

Notes to the consolidated financial statements

	2016 $000's	2015 $000's
Note 22 Capital and Leasing Commitments		
(a) Property rent and lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable		
- not later than 1 year	626	588
- later than 1 year but not later than 5 years	36	135
- later than 5 years	-	-
	662	723

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 June 2017.

(b) Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable		
- not later than 1 year	15	16
- later than 1 year but not later than 5 years	1	15
- later than 5 years	-	-
	16	31

Operating lease relates to office equipment; the terms are due to run out within the next one to 4 years.

(c) Capital Commitments		
Payable		
- not later than 1 year	251	119
- later than 1 year but not later than 5 years	-	-
- later than 5 years		
	251	119

Capital commitments relate to plant & equipment in ITL Asia Pacific Sdn Bhd

Notes to the consolidated financial statements

	2016 $000's	2015 $000's
Note 23: Cash Flow Information		
(a) Credit Standby Arrangements with Banks		
Credit facility	1,386	1,417
Amount utilised	(388)	-
	998	1,417

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	4,572	4,591
Amount utilised	(3,942)	(4,132)
	630	459

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	1,912	1,365
Amount utilised	(1,292)	(1,257)
	620	108

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

(c) HP

Credit facility	502	-
Amount utilised	(94)	-
	408	-

HP facilities arranged with a Malaysian bank are subject to specific terms of use for purchase of fixed assets.

(e) Non-bank finance

Credit facility	420	256
Amount utilised	(420)	(256)
	-	-

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 (%) 2016	Percentage Owned (%) 2015
Ultimate Parent Entity			
ITL Limited	Australia	-	-
Subsidiaries of ITL Limited:			
ITL Corporation Pty Limited	Australia	100%	100%
Noble House Group Pty Limited	Australia	100%	100%
ITL North America Inc	USA	100%	100%
ITL Asia Pacific Sdn Bhd	Malaysia	100%	100%
ITL Healthcare Pty Limited	Australia	100%	100%
MyHealthTest Pty Ltd	Australia	100%	-
Subsidiaries of ITL Healthcare Pty Limited:			
Surgicare Pty Limited	Australia	100%	100%

(b) Controlled Entities Acquired - Following approval at the 26 November 2015 AGM, on 1 December 2015 ITL Limited completed the acquisition of 100% of the issued capital of MyHealthTest Pty Ltd ("MHT"). MHT is a Canberra based medical biotech company which provides direct to consumer pathology testing. The Group has acquired MHT as a strategic investment to support its growth strategy.

(c) Entities subject to class order relief

Following the acquisition of MyHealthTest Pty Ltd on 1 December 2015 the Group entities that were party to the existing Deed of Cross Guarantee revoked that Deed and entered into a new Deed of Cross Guarantee on 26 April 2016 inclusive of ITL Limited, ITL Healthcare Pty Limited, ITL Corporation Pty Limited, Surgicare Pty Limited, Noble House Group Pty Limited and MyHealthTest Pty Ltd. 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. At the reporting date each of the entities are below the threshold for requirements to prepare and lodge audited financial reports and are not reliant on Class Order 98/1418 for reporting relief.

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**

Loan to Director		Interest Receivable $'000	Amounts owed $'000
	2016	-	-
	2015	19	470

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 was payable at 12% and there was accrued interest of $19,944 at 30 June 2015. On 30 November 2015 the loan was fully repaid.

Transactions - other directors' interests		Sales $'000	Amounts owed from $'000	Purchases $'000	Amounts owed to $'000
	2016	6	-	27	27
	2015	20	-	-	-

During the year and prior to the completion of the acquisition of MyHealthTest Pty Ltd., ITL Corporation Pty Ltd provided goods at market price for $5,544 to MyHealthTest Pty Ltd. The latter is a company whose majority shareholding was controlled by Mr W Mobbs (Executive Chairman, ITL).

On 15 June 2016 ITL Limited engaged Maxim Chartered Accountants, a company of which Mr M Peatey (non-executive director) is a partner, to provide financial advisory services on commercial terms for a company of this size. The minimum fee commitment is $27,000.

Acquisition of MHT
As outlined in Note 30, during the year ITL acquired 100% of the share capital of MyHealthTest Pty Ltd, a company in which Mr. W Mobbs had a 67.2% interest.

(iv) **Key Management Personnel**

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

	2016 $000's	**2015 $000's**
Short term employee benefits	1,802,017	1,405,695
Post-employment benefits	56,600	43,870
Long term benefits	11,810	6,157
Share Based Payments - Shares	-	385,313
Total KMP Remuneration	**1,870,427**	**1,841,035**

Notes to the consolidated financial statements

Note 27: Events After Balance Sheet Date

At the close of 19 August 2016, nil ordinary shares have been bought back since 30 June 2016.

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.

(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 2016 approximately 8% (2015: 5%) of the Group's debt of $6,136k (2015: $5,645k) 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**	
	2016	**2015**	**2016 $000's**	**2015 $000's**
Floating rate instruments	5.28%	5.83%	5,622	5,389
Fixed rate instruments	7.40%	7.76%	514	256
			6,136	**5,645**

Notes to the consolidated financial statements

Note 28: Financial Risk Management (continued)

(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.

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.

2016 $'000	Interest Rate range	On demand	Due < 1 year	Due 1 – 2 years	Due 2 – 5 years	Due > 5 years	Total
Bank overdraft	8.10%	-	388	-	-	-	388
Bankers Acceptances	5.16-5.32%	-	1,292	-	-	-	1,292
Bank loans	4.95-8.60%	-	648	660	1,790	844	3,942
Non-bank loans	3.94-7.47%	-	216	80	124	-	420
Hire purchase	4.25%	-	16	18	60	-	94
Trade and other payables	-	-	3,691	-	-	-	3,691
Bank guarantees	-	286	-	-	-	-	286
Interest expected	-	-	150	50	350	65	615
Total Financial Liabilities		286	6,401	808	2,324	909	10,728

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
Interest expected	-	-	125	55	240	90	510
Total Financial Liabilities		204	5,491	967	1,591	1,194	9,447

Notes to the consolidated financial statements

Note 28: Financial Risk Management (continued)

(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 the allowance for impairment loss required at 30 June 2016 was less than 1% of debt. Credit risk from balances with banks is managed by Head Office and at 30 June 2016 65% of cash balances were held with Commonwealth Bank of Australia, 29% 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.

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 within 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.

	2016 $000's	**2015 $000's**
Trade Receivables Ageing Analysis		
Current	3,441	2,981
1 to 30 days	944	966
31 to 60 days	132	115
61 to 90 days	92	259
91 to 120 days	39	40
Over 120 days	60	140
Provisions for impairment	(30)	(33)
	4,678	**4,468**
Balances that are past due but not impaired	1,237	1,487

Notes to the consolidated financial statements

Note 28: Financial Risk Management (continued)

(d) Credit risk (continued)

On a geographical basis the Group has credit risk exposures in Australia, United States and the United Kingdom arising from significant sales 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	2,819	2,198
USA	722	882
United Kingdom	832	918
Puerto Rico	89	265
Other	216	205
	4,678	**4,468**

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.

Management has assessed that fair values of 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:

	Carrying amount 2016 $000's	**Fair value 2016 $000's**	**Carrying amount 2015 $000's**	**Fair value 2015 $000's**
Financial Assets				
Cash and cash equivalents	611	611	1,103	1,103
Trade and other receivables	5,044	5,044	4,694	4,694
	5,655	5,655	5,797	5,797
Financial Liabilities				
Trade and other payables	3,691	3,691	3,088	3,088
Other loans and amounts due	6,136	6,136	5,645	5,645
	9,827	9,827	8,733	8,733

Notes to the consolidated financial statements

Note 28: Financial Risk Management (continued)

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:

	2016 $000's	2015 $000's
Total Floating Rate Borrowings	5,622	5,389
Less Cash and Cash Equivalents	(611)	(1,103)
Net Debt/(Cash)	5,011	4,286

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

	2016 $000's	2015 $000's
Change in profit after tax		
Increase in interest rates by 1%	**(35)**	**(30)**
Decrease in interest rates by 1%	**35**	**30**
Change in equity		
Increase in interest rates by 1%	**-**	**-**
Decrease in interest rates by 1%	**-**	**-**

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

Foreign Currency Risk and Sensitivity Analysis

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

At 30 June 2016, the Group had the following material exposure to foreign currency that is not designated in cash flow hedges:

		2016 000's	2015 000's
Trade & Other Receivables	USD	2,013	2,397
	MYR	161	25
Trade & Other Payables	USD	350	232
	EUR	261	489
	MYR	3,242	2,942

Notes to the consolidated financial statements

Note 28: Financial Risk Management (continued)

Foreign Currency Risk and Sensitivity Analysis (continued)

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:

	2016	**2015**
	$000's	**$000's**
Change in profit after tax		
Increase in AUD to USD by 5%	(118)	(118)
Increase in AUD to MYR by 5%	332	219
Increase in AUD to EUR by 5%	53	64
Decline in AUD to USD by 5%	118	118
Decline in AUD to MYR by 5%	(332)	(219)
Decline in AUD to EUR by 5%	(53)	(64)
Change in equity		
Increase in AUD to USD by 5%	(5)	(11)
Increase in AUD to MYR by 5%	(241)	(226)
Decline in AUD to USD by 5%	5	11
Decline in AUD to MYR by 5%	241	226

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 2016 and 30 June 2015.

Year ended 30 June 2016

	BioMed	HCA	MHT	Total Segments	Corporate & Other	Adjusts. and Elims.	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue							
External customers	11,206	19,872	5	31,083	-	-	31,083
Inter segment	2,704	-	-	2,704	-	(2,704)	-
	13,910	**19,872**	**5**	**33,787**	**-**	**(2,704)**	**31,083**
Other revenue	19	58	-	77	-	-	77
Grant Income	-	-	287	287	-	-	287
Interest revenue	-	-	-	-	23	-	23
	19	**58**	**287**	**364**	**23**	**-**	**387**
Total segment revenue	**13,929**	**19,930**	**292**	**34,151**	**23**	**(2,704)**	**31,470**
Result							
Segment results *	2,123	95	(433)	1,785	(1,198)	105	692
Earnings Before Interest and Tax *	**2,123**	**95**	**(433)**	**1,785**	**(1,198)**	**105**	**692**
Interest revenue	-	-	-	-	23	-	**23**
Interest expense	(210)	(144)	-	(354)	(32)	-	**(386)**
Income tax benefit/(expense)	(259)	11	186	(62)	77	-	**15**
Total segment results	**1,654**	**(38)**	**(247)**	**1,369**	**(1,130)**	**105**	**344**

* Includes Corporate recharges to each segment

Notes to the consolidated financial statements

Note 29: Operating Segments (continued)

Year ended 30 June 2015

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

* Includes Corporate recharges to each segment

Notes to the consolidated financial statements

Note 29: Operating Segments (continued)

Geographic Information

Revenues from External Customers	**2016**	**2015**
	$000's	**$000's**
Australia	21,260	19,238
USA	4,262	4,090
United Kingdom	3,336	2,647
Puerto Rico	857	819
Other	1,368	1,536
Total revenue per consolidated statement of profit or loss	**31,083**	**28,330**

Non Current Operating Assets			
	Australia	2,356	2,597
	Malaysia	4,723	4,828
	USA	15	12
		7,094	**7,437**

Segment Information

Year ended 30 June 2016	**BioMed**	**HCA**	**MHT**	**Total Segments**	**Corporate & Other**	**Adjusts and Elims.**	**Total**
	$000's	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**
Total Assets	14,225	9,003	3,727	26,955	4,015	(5,487)	**25,483**
Capital Expenditure	525	49	301	875	148	-	**1,023**
Depreciation & Amortisation	407	405	43	855	80	-	**935**
Total Liabilities	6,900	7,218	1,161	15,279	728	(4,790)	**11,217**

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**

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 33% of total external revenue. The most significant customer accounts for 15% of total external revenue of Healthcare Australia, or 10% of the total group revenue.

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. Business Combinations

Acquisitions in 2016

Following approval at the 26 November 2015 AGM, on 1 December 2015 ITL Limited completed the acquisition of 100% of the issued capital of MyHealthTest Pty Ltd ("MHT"). MHT is a Canberra based medical biotech company which provides direct to consumer pathology testing. The Group has acquired MHT as a strategic investment to support its growth strategy.

Purchase consideration of $2,750,000 comprised:

(i) Acquisition of 100% of existing MHT shares from MHT shareholders in exchange for 10,000,000 ITL shares whose fair value was determined as the market price on the ASX of $0.23 on 26 November 2015 i.e. $2,300,000; and,
(ii) Subscription of $450,000 for new MHT ordinary shares.

Acquisition related transaction costs of $83,650 have been recognised as an expense during the year ended 30 June 2016.

The acquisition has been accounted for using the acquisition method. The consolidated financial statements include the results of MHT for the seven month period from the acquisition date.

Notes to the consolidated financial statements

Note 30. Business Combinations (continued)

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of MyHealthTest Pty Ltd as at the date of acquisition were:

	Fair Value recognised on acquisition $'000's
Assets	
Property, plant and equipment	380
Inventory	16
Cash and cash equivalents	186
Trade & Other Receivables	12
Intangibles*	157
	751
Liabilities	
Trade and Other Payables	(492)
Provisions	(84)
	(576)
Total identifiable net assets at fair value	**175**
Goodwill arising on acquisition*	**2,575**
Purchase consideration	**2,750**
Analysis of cash flows on acquisition	
Net cash acquired with the subsidiary	186
Cash paid	(450)
Net cash flow on acquisition	**(264)**

*The fair value of intangible assets related to intellectual property has been determined as $113k and recorded within other intangible assets the entity holds, and appropriate adjustments to the provisional goodwill on acquisition and intangible assets balances reported at 31 December 2015 have been made in the 30 June 2016 balances.

At the date of the acquisition the gross value of trade & other receivables was $12,000 which includes $7,000 from related ITL companies. Due to the short term maturity of these debts fair value has been determined by management to be materially the same as the carrying value. None of the receivables have been impaired.

ITL Corporation Pty Ltd is the supplier of pathology test kits to MHT. As at the date of acquisition MHT owed ITL Corporation Pty Ltd $6,000 for the supply of such kits.

Within acquired Trade & Other Payables there is an amount of $156k in respect of accrued bonuses which has been settled by $143k of shares issued in June 2016 and the balance in superannuation contributions.

From the date of the acquisition MHT has contributed $292k of revenue and a loss before tax of $(433k) to the continuing operations of the Group. It is not practicable to determine what the MHT revenue and profit or loss would have been for the year since MHT's accounting policies were different to those applied by ITL.

The goodwill recognised is attributed to the growth opportunities and other benefits from combining the resources and activities of MHT with the Group. Goodwill is not deductible for income tax purposes.

There are no contingent assets or liabilities.

Notes to the consolidated financial statements

Note 31: 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 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.

There was no issues of shares arising from share based payments recognised during the period as part of Salaries and Employee Benefits Expense:

	2016 $000's	2015 $000's
Shares issued under ESP	-	385
	-	385

Note 32 Parent Entity Information

Financial Position	2016 $000's	2015 $000's
Assets		
Current Assets	869	1,024
Non Current Assets	15,197	9,755
Total Assets	16,066	10,779
Liabilities		
Current Liabilities	498	407
Non Current Liabilities	1,786	223
Total Liabilities	2,284	630
Equity		
Issued Capital	31,869	29,474
Retained Earnings	(18,087)	(19,325)
Reserves		-
Total Equity	13,782	10,149
Financial Performance		
Profit/(Loss) for the year	1,450	2,611
Other comprehensive income	-	-
Total Comprehensive Income	1,450	2,611

The parent entity received dividends of $2,011k from other entities within the Group during 2016 (2015:$2,500k).

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

Notes to the consolidated financial statements

Note 32 Parent Entity Information (continued)

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:

	30 June 2016 Face Value $'000	30 June 2015 Face Value $'000
Bank Loans of Controlled Entities	5,622	5,389

There is $251k of capital commitments at 30 June 2016 (2015: Nil material commitments).

Note 33: Company Details

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

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

Directors' Declaration

The directors of the company declare that:

1. the financial statements and notes are in accordance with the *Corporations Act 2001* and:
   a. comply with Accounting Standards (including the Australian Accounting interpretations);
   b. give a true and fair view of the financial position as at 30 June 2016 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 22nd day of August 2016

Auditor's Report

Ernst & Young
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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 2016, 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, a copy of which immediately follows the directors' report.

Building a better working world

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 2016 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 the directors' report for the year ended 30 June 2016. 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 2016, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Ashley Butler
Partner
Melbourne
22 August 2016

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 3 August 2016.

There were 819 holders of ordinary shares in the Company. These shareholders held 95,357,346 ordinary shares. All issued ordinary shares carry one vote per share.

Distribution of Ordinary Shares

Holdings Ranges	Holders	Total Units	%
1-1,000	25	4,074	0.004
1,001-5,000	254	876,219	0.919
5,001-10,000	109	884,859	0.928
10,001-100,000	344	11,053,487	11.592
100,001-9,999,999,999	87	82,538,707	86.557
Totals	819	95,357,346	100.00

Holdings less than a marketable parcel 117

Substantial Shareholders as at 3 August 2016:

	Number of Shares	% Held
Bilbo Holdings Pty Ltd	39,734,286	41.67

Twenty Largest Shareholders at 3 August 2016:

Rank	Holder Name	Balance at 3-08-2016	%
1	**BILBO HOLDINGS PTY LTD**	**39,734,286**	**41.669%**
	MR WILLIAM LEONARD MOBBS <BILBO SUPER FUND A/C>	16,861,683	17.683%
	BILBO HOLDINGS PTY LTD <BILBO FAMILY A/C>	9,436,430	9.896%
	HASTCOMBE PTY LTD	6,712,303	7.039%
	MR WILLIAM LEONARD MOBBS <BILBO SUPER FUND A/C>	312,013	0.327%
	BILBO HOLDINGS PTY LTD <BILBO FAMILY A/C>	6,411,857	6.724%
2	**HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED**	**4,149,069**	**4.351%**
3	**MR CHRIS CARR & MRS BETSY CARR**	**4,000,000**	**4.195%**
4	**A & P TURNBULL INVESTMENTS PTY LTD <TURNBULL FAMILY S/F A/C>**	**2,991,752**	**3.137%**
	A & P TURNBULL INVESTMENTS PTY LTD <TURNBULL FAMILY S/F A/C>	2,333,350	2.447%
	CANDOO PTY LTD <THE TURNBULL FAMILY A/C>	658,402	0.690%
5	**ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>**	**2,558,156**	**2.683%**
6	**TALSTON PTY LTD <THE TALSTON A/C>**	**2,500,000**	**2.622%**
7	**MS STEPHANIE NORRELL**	**2,339,760**	**2.454%**
8	**J P MORGAN NOMINEES AUSTRALIA LIMITED**	**2,078,790**	**2.180%**
9	**MR CRAIG DOUGLAS WILSON**	**1,864,552**	**1.955%**
	MR CRAIG DOUGLAS WILSON	1,179,543	1.237%
	COCAMA SUPERANNUATION FUND PTY LTD <WILSON FAMILY S/F A/C>	570,800	0.599%
	MRS KARINA PHYLLIDA WILSON	114,209	0.120%
10	**MRS SALLYANNE LEE MOBBS & MR RICHARD JAMES MOBBS <MOBBSTERS SUPER FUND A/C>**	**1,271,612**	**1.334%**
	MRS SALLYANNE LEE MOBBS & MR RICHARD JAMES MOBBS <MOBBSTERS SUPER FUND A/C>	689,879	0.723%
	MR RICHARD JAMES MOBBS & MRS SALLY-ANNE LEE MOBBS <MOBBSTERS FAMILY A/C>	581,733	0.610%
11	**FRED PARRISH INVESTMENTS PTY LTD <PARRISH FAMILY A/C>**	**1,158,233**	**1.215%**
12	**MR KEVIN PETER O'DONNELL & MRS GLENIS NITA O'DONNELL & BEATTIE RICKMAN TRUSTEE CO LTD <KP&GN O'DONNELL FAMILY A/C>**	**1,149,830**	**1.206%**
	MRS GLENIS NITA O'DONNELL	1,149,830	1.206%
13	**DR NICHOLAS JOHN CERNEAZ**	**945,592**	**0.992%**
14	**DJD ORR PTY LTD <DOJO SUPER FUND A/C>**	**936,038**	**0.982%**
15	**NARINDER PALL SINGH KANDA**	**699,444**	**0.733%**
	NARINDER PALL SINGH KANDA	694,644	0.728%
	NK & AK PTY LTD <KANDA SUPER FUND A/C>	4,800	0.005%
16	**MR DESMOND PATRICK WALKER**	**684,523**	**0.718%**
17	**MR BEREND JOHN PHILIP HOFF & MRS PETA LINDSAY HOFF <BEREND HOFF SUPER FUND A/C>**	**680,000**	**0.713%**
18	**MR BERT VAN NETTEN**	**584,962**	**0.613%**
	MS YVONNE VAN NETTEN	269,000	0.282%
	MR BERT VAN NETTEN	185,937	0.195%
	MISS KIM VAN NETTEN	130,025	0.136%
19	**MR DONALD JULIAN CHANNER**	**500,000**	**0.524%**
20	**DR MARIANNE LOUISE GOULD**	**491,895**	**0.516%**

As at 3 August 2016, the 20 largest shareholders held 71,318,494 ordinary shares representing 74.79% of the issued capital.

Corporate Directory

Directors

Mr William Mobbs	Executive Chairman
Mr Andrew Turnbull	Chairman, Audit & Risk Management Committee
Mr Mark Peatey	

Company Secretary

Mr Trevor Doolan

Registered Office

Unit 1, 63 Wells Road
Chelsea Heights, VIC 3196

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