

Appendix 4D

Half Yearly Report

Name of entity

ITL Limited

ABN or equivalent company reference

16 088 212 088

1.0 Details of the reporting period and the previous corresponding period

Reporting Period: Half Year to 31 December 2016

Previous Corresponding Period: Half Year to 31 December 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	11 %	To	17,474
2.2 Profit/(loss) after tax from ordinary activities attributable to members	Up	104 %	To	2,117
2.3 Net profit/(loss) for the period attributable to members	Up	104 %	To	2,117
2.4 Dividends (distributions)				
		Amount per Share	Franked Amount per Share	
Final Dividend Paid		Nil	Nil	
Interim Dividend Declared		Nil	Nil	
Refer Note 4 of attached Financial Report for the Half Year Ended 31 December 2016				
2.5 Record date for determining entitlements to the interim 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 the Directors' Report				

Appendix 4D

ITL Limited –31 December 2016 Half Yearly Report

3.0 NTA Backing	Current period 31 December 2016	Previous Period 31 December 2015
Net tangible asset backing per ordinary security	10.4 cents	9.8 cents
Net Asset Backing per ordinary security	16.8 cents	15.5 cents

4.0 Control gained or lost over entities having material effect
Nil.

5.0 Material interests in entities which are not controlled entities

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

6.0 Compliance Statement

The report has been prepared based on 31 December 2016 Half Yearly Financial Report which has been reviewed by an independent Audit Firm in accordance with the requirements of S302 of the *Corporations Act 2001*.

Attachments forming part of Appendix 4D:

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

Signed here:



William Mobbs
Executive Chairman

Date: 16 February 2017

ITL Limited
(ABN: 16 088 212 088)

**FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2016**

ITL Limited

CORPORATE INFORMATION

ABN: 16 088 212 088

DIRECTORS

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

EXECUTIVE CHAIRMAN

Mr. William Mobbs

COMPANY SECRETARY

Mr. Trevor Doolan

REGISTERED OFFICE and PRINCIPAL PLACE OF BUSINESS

Unit 1, 63 Wells Road
Chelsea Heights, VIC 3196

Tel: (03) 8773 3050

SHARE REGISTER

Boardroom Pty Ltd
Level 12, Grosvenor Place
225 George Street
Sydney, NSW 2000

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

AUDITORS

Ernst & Young

INTERNET ADDRESS

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

ITL Limited

Table of Contents

DIRECTORS' REPORT	6
DIRECTORS' DECLARATION	11
AUDITORS' INDEPENDENCE DECLARATION	12
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS.....	15
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	16
INTERIM CONSOLIDATED BALANCE SHEET	17
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	18
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS.....	19
CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS	20
1. BASIS OF PREPARATION	20
2. REVENUE and OTHER INCOME	22
3. EXPENSES	22
4. DIVIDENDS PAID AND PROPOSED	23
5. CASH AND CASH EQUIVALENTS	23
6. INTANGIBLE ASSETS	23
7. ISSUED CAPITAL.....	24
8. BORROWINGS	25
9. CONTINGENT LIABILITIES AND CONTINGENT ASSETS.....	25
10. EVENTS AFTER BALANCE DATE	26
11. SEGMENT REPORTING	27

ITL Limited

DIRECTORS' REPORT

Your directors submit their report for the half year ended 31 December 2016.

The names of the company's directors in office during the half year ended 31 December 2016 and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

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

COMPANY SECRETARY

Mr. Trevor Doolan

PRINCIPAL ACTIVITIES

The principal activities of ITL Limited and its subsidiaries (the Group) during the half year were:

- Development, manufacture, distribution and sale of innovative medical devices.
- Manufacture, distribution and sale of medical procedure packs.
- Continued development of direct to consumer pathology testing

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

EARNINGS PER SHARE

For the half year ended 31 December	2016 Cents	2015 Cents
Basic earnings per share	2.2	1.2
Diluted earnings per share	2.2	1.2

ITL Limited

DIRECTORS' REPORT (continued)

REVIEW AND RESULTS OF OPERATIONS

Profit after tax for the consolidated Group for the half year ended 31 December 2016 was \$2.12m, which was \$1.08m or 104% above the December 2015 half year profit of \$1.04m.

Earnings per share for the half year ended 31 December 2016 was 2.2 cents compared with the prior corresponding period of 1.2 cents.

Income tax (expense)/benefit was nil (2015: \$0.03m benefit).

Profit before tax was \$2.12m (2015: \$1.01m).

Sales revenue increased strongly by 11% from \$15.7m to \$17.5m. Healthcare Australia revenue increased 4% primarily due to price and margin improvement measures. BioMedical revenue was up 27% due to improved market conditions in USA, volume growth from new product sales and increased sales to Healthcare.

Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)* for the half year ended 31 December 2016 was \$2.7m (2015: \$1.6m). The reconciliation between Profit before tax and EBITDA is as follows:

\$'000	2016	2015
Profit before Income Tax	2,118	1,012
Add back/(deduct):		
Depreciation and amortisation expense	452	444
Interest Expense	202	190
Interest Income	-	(23)
EBITDA*	2,772	1,623

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

Group Operating Cashflow for the half year ended 31 December 2016 was \$1.9m (2015: \$0.8m). The improvement is reflective of the higher sales and improved operating results, and includes higher inventory levels being held. This cash inflow was used to fund capital expenditures of \$1.5m for automation and expansion of manufacturing equipment in Malaysia and for development costs in MyHealthTest Pty Ltd.

The net debt position of \$5.0m at 31 December 2016 has decreased from the net debt position of \$5.5m at 30 June 2016 due to improvements in the business operating results. The Group's gearing, measured as net debt as a percentage of net debt plus equity, improved from 28% to 23% due to the increase in equity and reduction in net debt.

Strategy and Outlook

2015/16 was a year where ITL implemented strategic growth initiatives and diversification of business strategies so as to position the ITL Group for enhanced profitability. These strategies included:

- focus in BioMedical for new markets, new product development and patent driven customer opportunities;
- Expansion and diversification of manufacturing in Malaysia;
- transfer of certain products from Healthcare Australia to ITL's low cost modern Malaysian production facilities;
- Growth of Healthcare Australia business through increased pack share in NSW & VIC and creation of markets for specialist kit supply in WA, Qld and Australia wide;
- Strategic sourcing of raw materials to reduce purchase costs; and,
- Diversification of ITL business base to accelerate growth both organically and through potential acquisition

In the period to 31 December 2016 the financial results have started to reflect these strategies with increased sales in BioMedical from new customers and products as well as improved market conditions, and strategic sourcing and customer initiatives driving improved profitability in HCA. ITL has continued investment in the Malaysian plant to support business improvement and product diversification which is both driving current business results and will continue to impact the financial results in future periods.

ITL's investment in MyHealthTest, the direct to consumer pathology test provider for major chronic diseases, has focused on critical systems development and expanding the range of tests.

ITL intends to continue reducing identified key risks, drive product growth and enter new markets in order to keep driving business growth.

The Board expects a strong result for the full financial year even allowing for some market seasonality in the 2nd half of the year.

ITL Limited

DIRECTORS' REPORT (continued)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

At the Annual General Meeting of the company held on 27 October 2016, 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 26 October 2016 of 95,928,314 the maximum amount of the buyback over the next 12 months could be 14,389,247 shares. No shares have been bought back under the program in the period to 31 December 2016.

At the 27 October 2016 AGM, approval was also obtained for an additional 10% share placement capacity in addition to the 15% capacity available under Listing Rule 7.1. This facility has not been utilised during the period to 31 December 2016.

EVENTS AFTER BALANCE DATE

At the close of 15 February 2017 nil ordinary shares have been bought back since 31 December 2016. Issued capital at the close of business on 15 February 2017 is 95,928,314 ordinary shares.

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

ROUNDING

The amounts contained in the accompanying half year financial information have been rounded to the nearest \$1,000 (where applicable) under the option available to the company under ASIC Corporations Instrument 2016/191. The company is an entity to which the Legislative Instrument applies.

ITL Limited

DIRECTORS' REPORT (continued)

CORPORATE GOVERNANCE

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

The company's Corporate Governance Statement is available on the company's website www.itl-limited.com.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307(c) of the *Corporations Act 2001* is attached on page 12 of this report.

Signed in accordance with a resolution of the Directors.



William Mobbs (Executive Chairman)

16 February 2017

ITL Limited

DIRECTORS' DECLARATION

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

I state that in the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity for the half year ended 31 December 2016 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2016 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134 '*Interim Financial Reporting*' and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



William Mobbs (Executive Chairman)

16 February 2017

AUDITORS' INDEPENDENCE DECLARATION



Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8550 7777
ey.com/au

Auditor's Independence Declaration to the Directors of ITL Limited

As lead auditor for the review of ITL Limited for the half-year ended 31 December 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of ITL Limited and the entities it controlled during the financial period.

Ernst & Young

Ashley Butler
Partner
16 February 2017

To the members of ITL Limited

Report on the Half-Year Condensed Financial Report

We have reviewed the accompanying half-year financial report of ITL Limited, which comprises the interim consolidated balance sheet as at 31 December 2016, the interim consolidated statement of profit or loss, the interim consolidated statement of comprehensive income, the interim consolidated statement of changes in equity and the interim consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Condensed Financial Report

The directors of the company are responsible for the preparation of the half-year **condensed** financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year condensed financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year condensed financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the condensed financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of ITL Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Ashley Butler
Melbourne
16 February 2017

ITL Limited

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the half year ended 31 December

	Note	31/12/2016 \$000's	31/12/2015 \$000's
Revenue	2	17,474	15,693
Cost of Sales		(9,618)	(9,749)
Gross Profit		7,856	5,944
Other income	2	165	110
Salaries and employee benefits expense		(4,063)	(3,157)
Depreciation and amortisation expense	3	(165)	(116)
Finance costs		(202)	(190)
Occupancy expenses		(584)	(542)
Travel and accommodation		(231)	(193)
Audit, legal & insurance		(287)	(409)
R&D expenses – 3 rd party		(107)	(108)
Other expenses from ordinary activities		(264)	(327)
Total Expenses		(5,903)	(5,042)
Profit before income tax expense		2,118	1,012
Income tax (expense)/benefit		(1)	32
Profit for the half year		2,117	1,044
Profit attributable to members of the parent		2,117	1,044
Earnings per Share			
Basic profit per share (cents per share)		2.2 cents	1.2 cents
Diluted profit per share (cents per share)		2.2 cents	1.2 cents

Expense 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” (replaced “Business insurance category”) so as to group professional services together for more meaningful analysis.

The accompanying notes form part of these financial statements

ITL Limited

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the half year ended 31 December

	Note	31/12/2016 \$000's	31/12/2015 \$000's
Profit		2,117	1,044
Other Comprehensive Income			
Items that may be reclassified subsequently to Profit or Loss			
Exchange differences on translating foreign operations		(382)	(354)
Income tax on items of other comprehensive income		-	-
Other comprehensive income for the half year, net of tax		(382)	(354)
Total comprehensive income attributable to members of the parent		1,735	690

The accompanying notes form part of these financial statements

ITL Limited

INTERIM CONSOLIDATED BALANCE SHEET

as at 31 December

	Note	31/12/2016 \$000's	30/06/2016 \$000's
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,371	611
Trade and other receivables		4,986	5,044
Inventories		7,502	6,682
Other current assets		605	696
TOTAL CURRENT ASSETS		14,464	13,033
NON-CURRENT ASSETS			
Property, plant and equipment		6,220	6,139
Product tooling		771	700
Intangible assets	6	4,188	3,624
Deferred tax assets		1,942	1,987
TOTAL NON-CURRENT ASSETS		13,121	12,450
TOTAL ASSETS		27,585	25,483
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		3,665	3,691
Borrowings	8	2,642	2,560
Short-term provisions		869	889
TOTAL CURRENT LIABILITIES		7,176	7,140
NON-CURRENT LIABILITIES			
Borrowings	8	3,737	3,576
Long-term provisions		524	501
TOTAL NON-CURRENT LIABILITIES		4,261	4,077
TOTAL LIABILITIES		11,437	11,217
NET ASSETS		16,148	14,266
EQUITY			
Issued capital	7	31,957	31,869
Foreign currency translation reserve		(1,471)	(1,089)
Share Based Payment Reserve		59	-
Accumulated losses		(14,397)	(16,514)
TOTAL EQUITY		16,148	14,266

The accompanying notes form part of these financial statements

ITL Limited

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half year ended 31 December

	Issued Capital	Share Based Payment Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total
	\$000's	\$000's	\$000's	\$000's	\$000's
Balance at 1 July 2016	31,869	-	(1,089)	(16,514)	14,266
Profit for the period	-	-	-	2,117	2,117
Other comprehensive income	-	-	(382)	-	(382)
Total comprehensive income for the year	-	-	(382)	2,117	1,735
Transactions with owners in their capacity as owners:					
Dividend Payment	-	-	-	-	-
Share buyback	-	-	-	-	-
Shares based payments	88	59	-	-	147
Balance at 31 December 2016	31,957	59	(1,471)	(14,397)	16,148
Balance at 1 July 2015	29,474	-	(948)	(16,647)	11,879
Profit for the period	-	-	-	1,044	1,044
Other comprehensive income	-	-	(354)	-	(354)
Total comprehensive income for the year	29,474	-	(1,302)	(15,603)	12,569
Transactions with owners in their capacity as owners:					
Dividend Payment	-	-	-	(212)	(212)
Share buyback	-	-	-	-	-
Shares issued (acquisition of MHT)	2,300	-	-	-	2,300
Balance at 31 December 2015	31,774	-	(1,302)	(15,815)	14,657

The accompanying notes form part of these financial statements

ITL Limited

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

for the half year ended 31 December

	31/12/2016 \$000's	31/12/2015 \$000's
OPERATING ACTIVITIES		
Profit/(Loss) before Tax	2,118	1,012
<u>Non-Cash items:</u>		
Depreciation and amortisation	452	444
Net (gain)/loss on disposal of assets	(2)	-
Unrealised (gain)/loss on foreign currency transactions	(16)	130
Share based payments	147	-
<u>Changes in assets and liabilities:</u>		
Decrease/(Increase) in Trade and other receivables	53	(467)
Decrease in Other current assets	64	314
(Increase)/Decrease in Inventories	(1,001)	(37)
Increase/(Decrease) in Trade and other Payables	51	(585)
Increase/(Decrease) in Provisions	3	(37)
Income Tax (Paid)/Refund	59	-
Net cash flow from operating activities	1,928	774
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for product tooling and development	(166)	(26)
Payment for property, plant and equipment	(704)	(111)
Payment for intangible assets	(647)	(344)
Acquisition of a subsidiary, net of cash acquired	-	(264)
Proceeds from the sale of property, plant and equipment	10	-
Net cash flow (used in) investing activities	(1,507)	(745)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of borrowings	(637)	(1,061)
Proceeds from borrowings	1,261	1,444
Payment for dividends	-	(212)
Net cash flow from/(used in) financing activities	624	171
NET INCREASE IN CASH HELD	1,045	200
Net foreign exchange differences	(149)	(195)
Cash at beginning of period	5	1,103
CASH AT END OF PERIOD	5	1,108

The accompanying notes form part of these financial statements

ITL Limited

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2016

1. BASIS OF PREPARATION

This general purpose condensed financial report for the half year ended 31 December 2016 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, and prepared for the purpose of presenting the consolidated entity as a for-profit entity.

The financial information in this report for the half year ended 31 December 2016 was authorised for issue in accordance with a resolution of the Directors on 16 February 2017.

ITL Limited is a limited company incorporated and domiciled in Australia whose shares are publicly traded. The principal activities of the company and its subsidiaries (the Group) are described in Note 11.

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

It is recommended that this report should be read in conjunction with the Annual Report for the year ended 30 June 2016 and be considered together with any public announcements made by ITL Limited and its controlled entities during the half year ended 31 December 2016 in accordance with the continuous disclosure obligations of the ASX listing rules.

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

Australian Accounting Standards and Interpretations that have recently been issued or amended since 30 June 2016 and adopted during the period have not had a material impact to the Group's future financial position, performance and disclosures.

ITL Limited

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

1. BASIS OF PREPARATION (continued)

Foreign Currency Transactions and Balances

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

	<u>31/12/2016</u>	<u>30/06/2016</u>	<u>31/12/2015</u>
Spot rate			
AUD/MYR	3.2268	2.9905	3.1357
AUD/USD	0.7197	0.7426	0.7298
Average rate for reporting period			
AUD/MYR	3.1495	3.0000	2.9985
AUD/USD	0.7534	0.7278	0.7230

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

Under AASB 134 *Interim Financial Reporting*, measurement is generally made on an annual reporting period to date basis. However, it is recognised that the interim period is part of a larger annual reporting period not an independent reporting period. Accordingly, interim period income tax expense can be accrued using the estimated average annual effective income tax rate that would be applicable to expected total annual earnings.

ITL Limited

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Note	31/12/2016 \$'000s	31/12/2015 \$'000s
2. REVENUE and OTHER INCOME			
Revenue			
ITL BioMedical		8,617	6,775
Healthcare Australia		10,584	10,302
MyHealthTest		5	-
Inter Segment		(1,732)	(1,384)
Total Sales Revenue		17,474	15,693
Other Income			
Grant Income		50	47
Other		115	63
Total Other Income		165	110
Total Income		17,639	15,803
3. EXPENSES			
Depreciation & Amortisation expense			
Depreciation of non-current assets			
Land & buildings		15	12
Furniture & Fittings		10	11
Leasehold Improvements		80	130
Office & Computer equipment		35	31
Plant & Equipment		186	167
Product Tooling		46	41
Total Depreciation		372	392
Amortisation of non-current assets			
Computer Software		53	33
Product Design/development		-	-
Patents, trademarks & licencing		27	19
Total Amortisation		80	52
Total depreciation and amortisation		452	444
Less depreciation and amortization disclosed in cost of sales			
		(287)	(328)
Total depreciation and amortisation expense		165	116

ITL Limited

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

4. DIVIDENDS PAID AND PROPOSED

	31/12/2016 \$'000s	31/12/2015 \$'000s
Dividends paid during the half year		
Final dividend paid for 2016: Nil cents per share (2015: 0.25 cents per share fully franked)	-	212
Nil interim dividend declared in respect of 2016/17 (2015/16: Nil cents per share)	-	-

5. CASH AND CASH EQUIVALENTS

	31/12/2016 \$'000s	30/06/2016 \$'000s
Cash on hand	1	2
Cash at bank	1,370	609
Total Cash and Cash Equivalents	1,371	611
Overdrafts	(252)	(388)
Cash and cash equivalent for cash flow statement	1,119	223

6. INTANGIBLE ASSETS

	Note	31/12/2016 \$'000s	30/06/2016 \$'000s
Business development software		835	637
Patents, trademarks and licenses		451	412
Development Costs		327	-
Goodwill on acquisition	12	2,575	2,575
Total Intangible Assets		4,188	3,624

The Group assessed for impairment indicators in relation to goodwill associated to the acquisition of MyHealthTest in December 2016. MyHealthTest is still in a start-up phase and as yet has not generated substantial or material independent cashflows due to this early stage life cycle phase, so impairment testing was conducted primarily on achievement of milestones set before the period commenced. This review concluded that there are no indications of impairment.

Development costs in MyHealthTest have been capitalised in the period in accordance with criteria set out in AASB138 *Intangible Assets*. Development and software development costs capitalised in MHT in the period are approximately 56% of total expenditure.

ITL Limited

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

7. ISSUED CAPITAL	<u>31/12/2016</u> \$'000s	<u>30/06/2016</u> \$'000s
Ordinary shares:		
At beginning of reporting period	31,869	29,474
Share buyback	-	(48)
Transaction costs net of tax	-	-
Shares issued during the period (share based payments) (i)	88	143
Shares issued (acquisition of MHT)	-	2,300
	<u>31,957</u>	<u>31,869</u>
	No. 000s	No. 000s
At beginning of reporting period	95,357	84,678
Share buyback	-	(240)
Shares issued during the period (share based payments) (i)	571	919
Shares issued (acquisition of MHT)	-	10,000
	<u>95,928</u>	<u>95,357</u>

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

- (i) 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 renewed approval at the 27 October 2016 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 was one share issue under the ESP during the half year. Details are as follows:

	<u>31/12/2016</u>	<u>30/06/2016</u>
22/06/2016 - issue price	-	\$0.155
- fair value	-	\$0.155
23/08/2016 - issue price	\$0.155	-
- fair value	\$0.155	-

ITL Limited

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

8. BORROWINGS

	31/12/2016 \$'000s	30/06/2016 \$'000s
Current		
Bank overdrafts	252	388
Bankers Acceptances	1,785	1,292
Bank loans	479	648
Hire Purchase	24	-
Non-bank finance	102	232
	<u>2,642</u>	<u>2,560</u>
Non-current		
Bank loans	3,455	3,294
Hire Purchase	111	-
Non-bank finance	171	282
	<u>3,737</u>	<u>3,576</u>
	<u>6,379</u>	<u>6,136</u>

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

ITL Asia Pacific Sdn Bhd has term loan, overdraft, bankers' acceptance and other finance facilities including a bank guarantee equivalent to \$74,376 (RM 240,000) provided to the local Malaysian power company. 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.

The Group has arranged non-bank financing with a specialist IT financing institution for IT infrastructure projects.

9. 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 8: Borrowings.

ITL Limited

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

10. EVENTS AFTER BALANCE DATE

At the close of 15 February 2017 nil ordinary shares have been bought back since 31 December 2016. Issued capital at the close of business on 15 February 2017 is 95,928,314 ordinary shares.

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

ITL Limited

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

11. SEGMENT REPORTING

The Group's reportable segments are as follows:

ITL BioMedical (formerly known as Innovative Products Group) ("BioMed")

BioMed designs, manufactures, markets and distributes a range of biological safety sampling 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.
- 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, Class 3 Peripheral Intravenous Catheter Insertion 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 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.

ITL Limited

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

10. SEGMENT REPORTING (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 AASB8 *Operating Segments*.

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

The following table presents the revenue and profit information regarding business unit segments for the half years ended 31 December 2016 and 31 December 2015.

ITL Limited

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

11. SEGMENT REPORTING (continued)

Half Year ended 31 December 2016

	BioMed \$'000	HCA \$'000	MHT	Total Segments \$'000	Corporate & Other \$'000	Adjusts. and Elims. \$'000	Total \$'000
Revenue							
External customers	6,885	10,584	5	17,474	-	-	17,474
Inter segment	1,732	-	-	1,732	-	(1,732)	-
	8,617	10,584	5	19,206	-	(1,732)	17,474
Other revenue	84	31	-	115	-	-	115
Grant Income	-	-	50	50	-	-	50
Interest revenue	-	-	-	-	-	-	-
	84	31	50	165	-	-	165
Total segment revenue	8,701	10,615	55	19,371	-	(1,732)	17,639
Result							
Segment results *	2,242	1,098	(347)	2,993	(612)	(61)	2,320
Earnings Before Interest and Tax *	2,242	1,098	(347)	2,993	(612)	(61)	2,320
Interest revenue	-	-	-	-	-	-	-
Interest expense	(110)	(75)	-	(185)	(17)	-	(202)
Income tax benefit/(expense)	(85)	-	84	(1)	-	-	(1)
Total segment results	2,047	1,023	(263)	2,807	(629)	(61)	2,117

*Includes corporate recharges to each segment

ITL Limited

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

11. SEGMENT REPORTING (continued)

Half Year ended 31 December 2015

	BioMed \$'000	HCA \$'000	MHT	Total Segments \$'000	Corporate & Other \$'000	Adjusts. and Elims. \$'000	Total \$'000
Revenue							
External customers	5,548	10,145	-	15,693	-	-	15,693
Inter segment	1,227	157	-	1,384	-	(1,384)	-
	6,775	10,302	-	17,077	-	(1,384)	15,693
Other revenue	14	26	-	40	-	-	40
Grant Income	-	-	47	47	-	-	47
Interest revenue	-	-	-	-	23	-	23
	14	26	47	87	23	-	110
Total segment revenue	6,789	10,328	47	17,164	23	(1,384)	15,803
Result							
Segment results *	1,366	362	(24)	1,704	(608)	83	1,179
Earnings Before Interest and Tax *	1,366	362	(24)	1,704	(608)	83	1,179
Interest revenue	-	-	-	-	23	-	23
Interest expense	(106)	(69)	-	(175)	(15)	-	(190)
Income tax benefit/(expense)	(25)	-	-	(25)	57	-	32
Total segment results	1,235	293	(24)	1,504	(543)	83	1,044

*Includes corporate recharges to each segment