



Annual Report 2004



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ITL – 2004 at a Glance

- \$21 million raised through prospectus
- Surgicare Pty Limited, Melbourne-based procedure kit business acquired
- Listed on Australian Stock Exchange
- US Food & Drug Administration approval for SampLock® Sampling Kit (SSK)
- \$2.4 million Research & Development grant
- US legal costs \$1.5 million
- Provision for US legal settlement \$1.1 million
- EBITDA before litigation costs \$2.6 million
- Pro-forma EBITDA before litigation costs \$3.1 million
- Net loss \$2.0 million



Senator Gary Humphries presenting R&D grant, Canberra



Manufacturing Procedure Kits, Melbourne



Chairman's Message



On behalf of the Board, I am pleased to present the 2004 annual report for ITL.

This year has been a time of transformation and growth. The Company issued a prospectus in September 2003 to raise \$21 million and on successful completion listed on the Australian Stock Exchange in October 2003. At that time ITL acquired the Melbourne based procedure kit business, Surgicare Pty Limited, which has added both revenue and profits to the group. ITL is still holding cash in reserve to enable the Company to take advantage of future possible acquisitions.

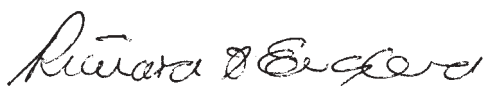
The results for our first year as a listed company along with the resultant movement in the share price were disappointing. The US litigation, with legal expenses of \$1.5 million and the accrual of a settlement of \$1.1 million adversely affected the result, along with the appreciation of the Australian dollar.

We are pleased to report that the second half of the year has shown an improvement and we are anticipating further revenue growth and improved bottom line results in the coming year.

The major achievements for the year include the securing of US Food & Drug Administration (FDA) approval for the SampLock® Sampling Kit (SSK); obtaining a \$2.4 million research and development grant from the Federal Government for the Transfusion Infusion Needle Assembly (TINA) project; and the successful integration of the Surgicare business into the group. We are encouraged by the possibilities for manufacturing products for outside customers, with Visiomed selecting ITL to manufacture the pilot run of its Funhaler® product.

In July 2004 ITL appointed a new Chief Financial Officer (CFO), Susan Williams, who has both listed company and medical industry experience. Tim McKinnon, the previous CFO has been transferred to ITL Asia Pacific, ITL's manufacturing facility in Malaysia, as Managing Director – Commercial.

I would like to thank all members of the ITL team, both prior and new, for their commitment to the Company during our period of transition. We look forward to taking advantage of the many opportunities that are emerging for the Company.



Richard England
Chairman



Board of Directors and Chief Financial Officer. Back row from left: Bill Mobbs, Susan Williams, Richard England. Front row: Julian Gosse, Jag Dillon.

Joint Managing Directors' Report

This year has been the most significant for ITL since its inception in 1994. The year was marked by many challenges, the biggest one being the IPO. In order to raise capital to fund expansion plans the company issued a prospectus in September and was successful in raising \$21 million. The company was listed on the Australian Stock Exchange (ASX) in October. This capital raising enabled ITL to further develop its innovative products and to acquire the Melbourne based procedure kit business, Surgicare Pty Limited.

Although ITL's revenues grew from \$8.8 million to \$17.6 million, our first year's earnings performance was disappointing and below expectation. The company posted a net loss of \$2,032,501.

The US patent litigation, with legal expenses of \$1.5 million and the accrual of a settlement of \$1.1 million, the appreciation of the Australian dollar against the US dollar, transient drop off in sales of ITL's leading innovative product Donorcure®, increased competition in the Australian procedure kits market, delayed availability of product and slowed introduction of ITL's product lines into Surgicare's sales network, adversely affected the result.

During the year a new Board was established with Mr Richard England (Chairman) and Mr Julian Gosse as non executive directors and Mr Bill Mobbs and Dr Jag Dillon as executive directors. In addition an Audit and Risk Committee was established to improve corporate governance and risk management.

ITL's principal activities during the financial year were research, development, manufacture, distribution and sales of Innovative Medical Devices. The company undertook clean room contract Original Equipment Manufacture (OEM) for outside customers in its Malaysian manufacturing facility. The acquisition of Surgicare Pty. Limited completed the first stage of the development of the procedure pack business.

Another major achievement for ITL was the securing of US Food & Drug Administration (FDA) approval for the SampLock® Sampling Kit (SSK) and commencement of sales in this product line in the US market. Sales of the SSK are also being pursued in other countries.

ITL's investment in the APIS patent for new generation safety products has resulted in ITL obtaining a \$2.4 million research and development grant from the Federal government for the Transfusion Infusion Needle Assembly (TINA) project. Research and development progress is well underway in accordance with the project plans.

Sales from ITL-Surgicare business increased by 12% to \$12.3 million this year which is below forecast due to vigorous competition from new market entrants. However margins have been maintained through several cost reducing measures and ITL's global sourcing and backward integration strategies.

ITL has also been successful in bidding and winning OEM contract clean room manufacturing for outside customers in particular Qlicksmart Pty Limited for its safety single use scalpel blade removal device. In addition, Visiomed has selected ITL to manufacture the pilot run of its Funhaler® product.

Whilst ITL's prospectus earnings performance was below expectation, we are expecting reasonable growth in 2005 as we bring new products to the market and expand sales of the existing product range. The beginning of the 2005 year sees a number of long term contracts being renegotiated together with forward orders.

ITL will be marketing itself as a full range procedure kits manufacturer and supplier providing a "one stop shop" solution to end users. There are a number of new initiatives that have been implemented to leverage our relationships with our strategic business and distribution partners as well as improve our competitiveness through our global purchasing, backward integration and cost reduction strategies.

We would like to thank our management team and staff for their efforts in meeting the significant challenge of making the transition from a private to public company.

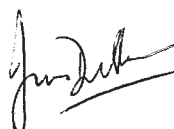
We would also like to thank our consultants, ECM, Watson Mangioni, Moore Stevens, Paul Grant & Associates and our auditors Walter Turnbull, who helped us through the IPO process. In addition we thank our shareholders for their continued support.

With our strong intellectual property, product portfolio and management team ITL is well placed to take up the challenges and opportunities in the near future and grow successfully.



Bill Mobbs

Joint Managing Director



Jag Dillon

Joint Managing Director

Company Profile

ITL is an Australian-based medical products innovator and manufacturer that was formed in Canberra in 1994. The company rapidly captured a significant portion of the targeted blood collection and dialysis market. It is exporting to 35 countries through its powerful distribution channels which include American Red Cross, Baxter Healthcare, Terumo Corporation and Pall Biomedical. ITL owns significant intellectual property including 10 global families of patents and several design registrations and trademarks. The company employs more than 220 staff worldwide.

The company established its state of the art manufacturing facility in Malaysia in 2000 followed by marketing offices in USA and Europe. The manufacturing facility produces products for export in a cost competitive environment and is also able to offer contract cleanroom manufacturing for other organisations.

ITL restructured in 2002 to form two strategic divisions to broaden its income base, provide more opportunities for product innovation and focus on future growth opportunities. The original business became the Innovative Products Division (IPD) and the Procedure Kit Division (PKD) was formed. The PKD is involved in the design and manufacture of single use procedure kits.

ITL listed on the Australian Stock Exchange in October 2003 after raising \$21 million through a prospectus. At the time of listing ITL's PKD acquired Australian-based procedure kit manufacturer and marketer, Surgicare Pty Limited. The company now has an extensive range of capabilities and is well placed for future rapid growth.

Strategy

ITL aims to exploit growth prospects in several key directions:

- Developing new innovative products;
- Expanding its range of medical and surgical procedure kits for the Australian and international markets;
- OEM contract manufacturing;
- Developing further R&D and manufacturing core capabilities;
- Expanding sales and distribution globally;
- Strategic growth through acquisition.

Key Executives

Dr Jag Dillon – Joint MD/CEO – Procedure Kit Division

Mr Bill Mobbs – Joint MD/CEO – Innovative Products Division

Ms Susan Williams – CFO – ITL Limited

Mr Frank Kubik – MD Technical – ITL Asia Pacific Sdn Bhd

Mr Tim McKinnon – MD Commercial – ITL Asia Pacific Sdn Bhd

Ms Stephanie Norrell – MD – ITL NA Inc

Mr David Laffar – MD ITL Europe Ltd



ITL factory, Malaysia

Divisional Overview

Innovative Products Division

ITL's Innovative Products Division (IPD) creates, designs and commercialises medical devices primarily for the blood collection and blood processing markets. The products are developed in Australia and manufactured in ITL's Malaysian facility.

IPD has developed strong relationships with the industry leaders and continues to innovate and create new product offerings for these and other markets. IPD's products are supplied to the majority of the large multi-national companies involved with blood collection/apheresis and processing. These products are used in over 35 countries.

Currency fluctuations

As ITL's IPD business is underwritten by long term sales contracts struck in US dollars sales in 2004 were adversely affected by the significant devaluation of the US dollar against most of the world's currencies during that period.

The Malaysian manufacturing facility operates in Malaysian Ringgit, a currency fixed against the US dollar, so the currency devaluation had no effect on the cost of raw materials purchased in US dollars, increased the cost of those raw materials purchased in other currencies and negatively affected the operating result when translated into Australian dollars.

Reduction of DonorCare® sales

DonorCare®, which is the market leader in the whole blood needle protection sector, has reached the mature stage of its product life cycle. As it is sold as a component on blood manufacturers' bags its sales are influenced by blood collection numbers and inventory levels. During the first half of 2004 one of IPD's major customers reduced orders due to its excessive inventory levels. This coincided with a reduction in their blood pack sales and collections. Subsequently orders from this customer have recovered to levels similar to previous periods.

Patent Litigation re Platypus®

Patent Litigation has continued to cause minimal sales of Platypus® in comparison to previous years. A resumption of Platypus® sales or a new version of Platypus® will be delayed until final resolution in the US court case and until any future appeals are completed. Legal costs for the year were \$1.5 million and a settlement of \$1.1 million has been accrued.

SampLok® Sampling Kit

2004 saw the rapid and cost efficient design, creation and testing of a new product, the SampLok® Sampling Kit (SSK), a solution to the transfer of platelet samples for bacterial detection testing. The end result is a technologically superior product which is available at a very cost effective price for end users. The SSK has taken the lion's share of the newly created market with the American Red Cross. IPD is now well positioned to win additional customers and enter new markets as bacterial detection testing eventually becomes mandatory in other countries.

TINA (Transfusion Infusion Needle Assembly)

IPD's clear vision for the future resulted in a long term strategic initiative to protect and expand its markets in the needle safety area. The initial stage involved researching and purchasing a group of patents that are crucial for the next generation of needle products for whole blood collection, apheresis, dialysis and oncology. The division obtained a \$2.4 million dollar for dollar funding grant from the Australian Government for this new life saving safety product initiative.

This TINA project will allow IPD to penetrate new global market segments and comprises a significant portion of its future growth plans. IPD currently has and is also working on future complimentary products to provide a more rounded product offering.

2005 Outlook

Currently a number of IPD's long term contracts are being renegotiated. We have received future purchase orders for a number of products from the majority of our key customers. We are expecting reasonable growth in 2005 as we bring new products to the market and expand sales of IPD's existing product range.



*William Mobbs
Managing Director,
Innovative Products Division*

Divisional Overview – continued

Procedure Kits Division

The Procedure Kit Division (PKD), ITL Healthcare Pty Limited, manufactures and supplies packs containing those devices and supplies necessary to complete a given medical procedure. These are marketed to hospitals, aged care facilities, day surgeries and practitioners. ITL established the PKD in 2002. Its strategy has been to grow both organically and through acquisitions.

On 24 October 2003 the acquisition of Surgicare Pty Limited, a substantial Australian procedure pack manufacturer, distributor and retailer was completed. This acquisition completed the first stage of the development of the PKD.

The acquisition and integration of Surgicare has proceeded smoothly. Sales in 2004 by the Surgicare business increased by 12% over the previous year to \$12.3 million. Sales were however below forecast due to increased competition from new market entrants. Gross margins on sales have been maintained.

The introduction of ITL's additional general and medical product lines into Surgicare's sales network has been much slower than anticipated. Sales of ITL's general and medical kits have been disappointing due to manufacturing delays and some competition from suppliers offering lower cost generic products.

From 1 July 2004, the PKD has been headquartered at our Braeside, Melbourne facilities and has been trading as ITL Healthcare Pty Ltd. Surgicare Pty Ltd ceased to trade. The PKD is focusing on growth in the Australian market and penetrating the New Zealand and Malaysian markets by offering a larger portfolio of products.

ITL Healthcare will be marketing itself as a full range procedure kits manufacturer and supplier providing a "one stop shop" solution to end users. The main business for 2004-05 will be supplying to hospitals:

- Customised Brand Specific Operating Procedure Packs
- Haemodynamic Monitoring kits and Accessories
- Cardiac Catheter Lab Packs
- General and Medical Kits
- Aged Care Kits
- Business to Business (OEM Private Label)
- Sterile Components

In the past the PKD (Surgicare) did not have a strong focus on tenders. We are currently developing a program to actively monitor and bid for tenders and secure larger price competitive contracts.

Strategic Partnerships are currently being developed with key multinational suppliers. ITL's PKD aims to leverage the strong relationships these companies have established with hospitals.

ITL Healthcare will be working with its contract distribution service partners to develop and provide in theatre delivery solutions to hospitals, matching and surpassing the services offered by its competitors.

Re-configuration of our distribution infrastructure is leading to significantly faster deliveries and reduced warehousing costs. In addition, we have completed the first phase of our backward integration program, the aim of which is to result in reduced costs of some inputs for our packs. We are also working on a global purchasing strategy in order to source lower cost components for the procedure kits.



*Jag Dillon
Managing Director,
Procedure Kits Division*

Statement of Corporate Governance

Corporate Governance

The Board of Directors of ITL understands, promotes and is responsible for the good governance within the consolidated entity comprising the Company and its controlled entities.

In accordance with its charter, the Board guides and monitors the business and affairs of ITL on behalf of the Company's members and other stakeholders to whom it is accountable, and nurtures a philosophy and strategy of continuous improvement in governance performance.

As ITL listed on the ASX during the financial year it has been progressively implementing its corporate governance system. The company's web site is currently being upgraded and on completion will include a corporate governance section. Policies and procedures are still under development and those that were not completed by the date of this report include a code of ethics for directors, executives and staff; and a written policy to ensure compliance with ASX Listing Rule disclosure requirements.

Board of Directors

The composition of the Board is subject to shareholder approval. The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the directors' report.

The names of the independent directors of the company are:

Richard England	Chairman
Julian Gosse	Non-Executive Director

The Board meets formally on at least 12 occasions each year.

All Directors have the right to access the relevant company information and the executive management team. Directors have the right to seek independent professional advice in the furtherance of their duties as Directors at ITL's expense. The Chairman's prior approval of such expenditure is required. A copy of the advice will be made available to all other members of the Board.

At each annual general meeting one-third of the Board will retire and, if those Directors so choose will offer themselves for re-election.

The Board does not satisfy the best practice recommendation set by the ASX Corporate Governance Council as independent directors do not constitute a majority of the members of the Board. ITL considers that, as a relatively small listed entity, with 2 joint Managing Directors, it is well served by the current board structure to meet its immediate corporate governance objectives. However, ITL will seek to appoint an additional independent Director during the course of the 2005 financial year.

The Board is the vehicle to facilitate the identification of significant areas of business risk, to implement procedures to manage such risks and to develop policies regarding the establishment and maintenance of appropriate ethical standards. In relation to these matters, the Board specifically:

- ensures compliance in legal, statutory and ethical matters;
- monitors the business environment;
- identifies business risk areas;
- identifies business opportunities;
- approves and monitors major capital expenditure, capital management and acquisitions; and
- monitors systems established to ensure prompt and appropriate responses to shareholder complaints and enquiries.

Performance Evaluation

As ITL listed during the year and the two independent directors have not yet served for a full year, the board has not as yet carried out a formal performance evaluation.

Remuneration Policies

ITL policies regarding the terms and conditions for remuneration relating to the appointment and retirement of Board members are approved by the Board following professional advice. The remuneration and terms and

Statement of Corporate Governance – continued

conditions of employment for the Managing Directors and other executive Directors and senior executives are reviewed and approved by the Board after seeking professional advice.

Audit and Risk Committee

At the date of this report ITL Limited had an Audit and Risk Committee consisting of the following directors:

Julian Gosse	Non Executive	Chairman of Audit and Risk Committee
Richard England	Non Executive	

There are less than three members of this committee due to the small size of the board. The qualifications of those appointed to the audit committee and their attendance at meetings of the committee are included in the directors' report.

In accordance with the Audit and Risk Committee charter, the committee's responsibilities are to:

- oversee the existence and maintenance of internal controls and accounting systems;
- oversee the financial reporting process;
- nominate external auditors; and
- review the existing external audit arrangements.

The Chief Financial Officer and at least one of the Joint Managing Directors are required to state in writing that to the best of their knowledge, in their opinion:

- the financial records of the ITL group for the financial year have been properly maintained in accordance with section 286;
- the financial statements, and the accompanying notes, for the financial year comply with the accounting standards; and

the financial statements and notes for the financial year give a true and fair view.

Nomination Committee

Due to the small size of the Company and the Board of Directors, ITL does not have a Nomination Committee. The functions that would be carried out by a Nomination Committee are carried out by the Board as a whole.

Conflicts of Interest

In accordance with the Corporations Act 2001 and the Company Constitution the Directors must advise the Board on an ongoing basis of any interest that might conflict with those of the Company. Where the Board believes that conflict exists, the Director concerned is not permitted to be present at the meeting when the relevant issue is considered and does not receive the relevant Board paper.

Shareholder relations and market disclosure

The Board aims to ensure that shareholders have equal and timely access to material information concerning the Company. All announcements lodged with the ASX are included on the company's web site as soon as practicable after release to the ASX.

The Board encourages full participation of shareholders at the Annual General Meeting. The external auditor is requested to attend each Annual General Meeting and shareholders may ask questions regarding the audit and report.

Guideline for trading company securities

The Board has approved a policy on the trading of its securities by Directors and employees. This policy prohibits Directors and employees from dealing in Company Shares during the periods commencing 30 June and 31 December and terminating 24 hours after the release to the ASX of the Company result for the relevant period; and at any other time during the year while in possession of price sensitive information that has not been released to the market.

Directors' Report

Your Directors present their report on the Company and its controlled entities for the financial year ended 30 June 2004.

Directors

The names of Directors in office at any time during or since the end of the year are:

Non-executive directors:

Mr Richard England (Chairman) (Appointed 29 October 2003)

Mr Julian Gosse (Appointed 6 August 2003)

Executive directors:

Mr William Mobbs (Managing Director)

Dr Jagmohanbir Dillon (Managing Director)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activities of ITL during the financial year were:

- Research, Development and Commercialisation of Intellectual Property relating to Innovative Medical Devices
- Manufacture, Distribution and Sale of Innovative Medical Devices
- Manufacture, distribution and sales of Procedure Packs.

Change in Principal Activity

The following changes in the nature of the principle activities occurred during the financial year:

On 24 October 2003 the acquisition of Surgicare Pty Limited – a substantial Australian procedure pack manufacturer, distributor and retailer of procedure packs was completed. The acquisition of the company completed the first stage of the development of the procedure pack business.

The company also undertook other investigations in regard to external acquisition(s) to facilitate the further rapid development of the procedure pack business.

Operating Results

The consolidated loss and extraordinary items of the economic entity after providing for income tax and eliminating outside equity interests amounted to \$2,032,501.

Dividends Paid or Recommended

No dividends were paid or declared for the period to 30 June 2004.

Review of Operations

A review of operations of the Company is detailed in the earlier sections of this annual report

Significant Changes in State of Affairs

The following significant changes in the state of affairs of the parent entity occurred during the financial year:

- (i) On 29 October 2003 ITL Limited was listed on the Australian Stock Exchange.
- (ii) On 24 October 2003 the company completed the acquisition of Surgicare Pty Limited. Surgicare is a Victorian based supplier of customised procedure kits for operating theatre, day surgery, catheterization laboratory, intensive care unit and anaesthetic unit applications.

Directors' Report – continued

After Balance Date Events

No significant events occurred after balance date that would materially affect the financial statements and other information presented.

Future Developments

The continued development of the company's core business will remain a primary focus of the Group. The company will continue to review potential new products and acquisitions if and when appropriate.

Environmental Issues

The Group's manufacturing operations are subject to the environmental laws of the jurisdictions 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.

Information on Directors



Richard England: Chairman (Non Executive)

Age 54

Qualifications: FCA, MAICD

Experience

Mr England is a professional company director and insolvency specialist. Until June 1994 he was a Partner of Ernst and Young and its National Director of Corporate Recovery and Insolvency. Mr England has over 30 years experience, specialising in workouts, capital and debt reconstructions for corporations and monitoring businesses in financial difficulties on behalf of lenders. Mr England is Chairman of Gropep Limited and Ruralco Holdings Limited and is a director of Choiseul Investments Limited, Healthscope Limited and St George Bank Limited.

Interest in Shares and Options: Shares: 248,000, Options: Nil

Special Responsibilities: Chairman of Board, Audit Committee



Julian Gosse: Non Executive Director

Age 54

Experience:

Mr Gosse has extensive public company experience and is currently a director and secretary of JAM Development Capital Limited, Wilson Leaders Limited and Wilson Investment Fund and a director of Clime Capital Limited. Julian is also an executive director of Advanced Management Planning Limited.

Interest in Shares and Options: Shares: 20,000, Options: Nil

Special Responsibilities: Chairman of Audit and Risk Management Committee, Company Secretary

Directors' Report – continued



Jagmohanbir Dillon: Co-founder, Joint Managing Director

Age 47

Qualifications: PHD, MBA, BSc, GDAECO

Experience:

Dr Dillon is a co-founder of the ITL Group and brings over 20 years experience in the medical and healthcare industry. He has extensive experience and expertise covering medical and scientific research and international regulatory compliance. Mr Dillon has invented new concepts for a range of innovative medical products. He also manages the manufacturing and sale of medical procedure kits.

Interest in Shares and Options: Shares: 17,955,000, Options: 250,000 EXOP Tranche 1 options, 250,000 EXOP Tranche 2 options

Special Responsibilities: CEO – Procedure Kit Division



William Mobbs: Co-founder, Joint Managing Director

Age 45

Qualifications: MBA, BSc

Experience:

Mr Mobbs is a co-founder of the ITL Group and brings over 10 years experience in the medical and healthcare industry. Mr Mobbs has invented new concepts for a range of innovative medical products. He also manages the R&D, manufacturing and commercialisation of medical devices.

Interest in Shares and Options: Shares: 22,055,000, Options: 250,000 EXOP Tranche 1 options, 250,000 EXOP Tranche 2 options

Special Responsibilities: CEO – Innovative Products Division

Directors' and Executive Officers' Emoluments

Disclosure relating to directors' and executive officers' emoluments has been included in Note 32 of the financial report.

Share Options

A prospectus in relation to the Company's employee share option plan (**ESOP**) and executive share option plan (**EXOP**) was lodged with the Australian Securities and Investments Commission on 9 October 2003. The employees and executives are entitled to participate in the ESOP and EXOP respectively.

Options the subject of the ESOP are exercisable:

- (a) as to 3,000,000 options each at \$0.60 during the six week period commencing the day after release of the financial result for the financial year ended 30 June 2004 to the ASX by way of Appendix 4E (**ESOP Tranche 1 Options**); and
- (b) as to 800,000 options each at \$0.60 during the six week period commencing the day after release of the financial result for the financial year ended 30 June 2005 to the ASX by way of Appendix 4E (**ESOP Tranche 2 Options**).

The Company issued 3,800,000 options pursuant to the ESOP on 23 October 2003, of which 49,000 have lapsed due to staff leaving the company.

The four most highly remunerated officers of the Company, Tim McKinnon, Stephanie Norrell, David Laffar and Frank Kubik, each hold 300,000 ESOP Tranche 1 Options and 200,000 ESOP Tranche 2 Options.

Directors' Report – continued

Options the subject of the EXOP are exercisable:

(a) as to 500,000 options each at \$0.65 during the six week period from the day after release of the audited consolidated financial result for the ITL Group for the financial year ended 30 June 2005 (**EXOP Tranche 1 Options**); and

(b) as to 500,000 options each at \$0.70 during the six week period from the day after release of the audited consolidated financial result for the ITL Group for the financial year ended 30 June 2006 (**EXOP Tranche 2 Options**).

The Company issued 1,000,000 options pursuant to the EXOP on 23 October 2003.

Jagmohanbir Dillon and William Mobbs each hold 250,000 EXOP Tranche 1 Options and 250,000 EXOP Tranche 2 Options.

At the date of this report, the unissued ordinary shares of ITL Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number Under Option
23 October 2003	12 October 2004	\$0.60	2,951,000
23 October 2003	6 weeks after release of Appendix 4E in 2005	\$0.60	800,000
23 October 2003	6 weeks after release of Appendix 4E in 2005	\$0.65	500,000
23 October 2003	6 weeks after release of Appendix 4E in 2006	0.70	500,000

During the year ended 30 June 2004 no options for ordinary shares were exercised.

Directors' Meetings

The number of meetings of the Board of Directors and Board Committees held in the period each Director held office during the financial year and the number of those meetings attended by each Director was:

	Directors' Meetings		Audit & Risk Committee		IPO Due Diligence Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Richard England	8	8	4	4	-	-
Julian Gosse	11	11	5	5	1	1
Jagmohanbir Dillon	12	12	5	5	1	1
William Mobbs	12	11	5	3	1	1

Committee Membership

As at the date of this report, the company had an Audit & Risk Committee. Members acting on the Audit & Risk Committee during the year were:

Julian Gosse (Chairman)

Richard England

Indemnifying Officers or Auditor

During or since the end of the financial year the company has given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

All Directors have executed with the company a Deed of Access and Indemnity. This requires that the company indemnify each Director, maintain an insurance policy in favour of each Director and grant access to the records of the company.

The company has entered into Deeds of Access and Indemnity with Dr Jagmohanbir Dillon, Mr William Mobbs, Mr Julian Gosse, Mr Richard England and Ms Susan Williams (Chief Financial Officer).

The company has paid premiums to insure each of the following directors 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 of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium was \$81,151 for all directors and officers.

Directors' Report – continued

Proceedings on Behalf of Company

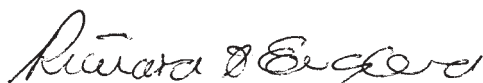
No person has applied for leave to Court, to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year other than as disclosed in Note 29.

Rounding of Amounts

The company is an entity to which ASIC Class Order 98/100 applies. The Company has not chosen to round to the nearest thousand dollars at this time.

Signed in accordance with a resolution of the Board of Directors.



Director – Richard England



Director – Julian Gosse

Dated this 14th day of September 2004

Statement of Financial Performance

for the year ended 30 June 2004

	Note	Consolidated		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
Revenues from ordinary activities	2	17,628,711	8,785,970	406,818	708,371
Cost of Sales	3	(8,624,340)	(1,792,729)	-	-
Employee benefits expense		(4,404,238)	(1,218,602)	(590,883)	-
Depreciation and amortisation expense	3	(974,596)	(1,074,057)	(41,854)	(38,069)
Accrued Litigation settlement – US		(1,056,000)	-	-	-
Borrowing costs expense	3	(141,247)	(200,486)	(1,853)	(3,221)
Sales and management consultants		(218,697)	(567,572)	(10,920)	-
Legal expenses – US		(1,519,370)	(753,559)	-	-
Office expenses		(364,305)	(148,181)	(60,258)	-
Travel and accommodation		(550,580)	(190,203)	(63,993)	-
Communication		(138,312)	(84,966)	(38,806)	-
Accounting and audit		(217,302)	(117,142)	(174,366)	-
Other expenses from ordinary activities		(1,425,341)	(993,188)	(196,857)	(1,433)
Profit/(Loss) from ordinary activities before income tax expense		(2,005,617)	1,645,285	(772,972)	665,648
Income tax expense relating to ordinary activities	5	(26,884)	(788,895)	322,488	(191,758)
Net Profit/(Loss) attributable to ITL Limited's Shareholders		(2,032,501)	856,390	(450,484)	473,890
Non-owner transaction changes in equity					
Net exchange difference on translation of financial statements of self-sustaining foreign operations.		(72,302)	(247,703)	-	-
Cost associated with share issues		(2,111,892)	(140,150)	(2,111,892)	(140,150)
Total revenues or expenses attributable to ITL Limited's shareholders recognised directly in equity		(2,184,194)	(387,853)	(2,111,892)	(140,150)
Total changes in equity from non-owner related transactions attributable to ITL Limited's shareholders		(4,216,695)	468,537	(2,562,376)	333,740
Earning per share – basic (\$)	7	(0.027)	0.028	-	-
Earning per share – diluted (\$)	7	(0.025)	0.028	-	-

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at year ended 30 June 2004

	Note	Consolidated		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
CURRENT ASSETS					
Cash assets	8	7,365,499	316,230	6,402,424	7,482
Receivables	9	3,455,956	1,724,814	29,569	-
Inventories	10	4,810,534	762,292	-	-
Prepayments	11	371,067	17,172	46,652	-
Other financial assets	12	294,484	-	-	-
TOTAL CURRENT ASSETS		16,297,540	2,820,508	6,478,645	7,482
NON-CURRENT ASSETS					
Property, plant and equipment	13	2,217,346	2,008,560	262,880	243,660
Product development, tools	14	4,521,167	3,721,741	55,366	-
Intangible assets	15	8,614,714	4,000,267	-	-
Deferred tax assets	16	431,312	386,557	431,312	33,727
Formation expenses	17	-	8,391	-	1,389
Investments accounted for using the equity method	18	-	-	5,000,412	5,000,412
Intercompany Loans	19	-	-	13,618,025	1,320,290
TOTAL NON-CURRENT ASSETS		15,784,539	10,125,516	19,367,995	6,599,478
TOTAL ASSETS		32,082,079	12,946,024	25,846,640	6,606,960
CURRENT LIABILITIES					
Payables	20	4,546,189	1,080,169	218,300	3,000
Interest-bearing liabilities	21	1,321,026	1,002,344	-	19,707
Tax liabilities (asset)	22	(313,672)	1,658,766	107,031	26,918
Provisions	23	341,265	65,743	32,550	-
TOTAL CURRENT LIABILITIES		5,894,808	3,807,022	357,881	49,625
NON-CURRENT LIABILITIES					
Interest-bearing liabilities	21	717,603	1,357,434	-	-
Tax liabilities	22	508,114	253,319	-	-
Intercompany loan		-	-	-	156,200
TOTAL NON-CURRENT LIABILITIES		1,225,717	1,610,753	-	156,200
TOTAL LIABILITIES		7,120,525	5,417,775	357,881	205,825
TOTAL NET ASSETS		24,961,554	7,528,249	25,488,759	6,401,135
EQUITY					
Contributed Equity	24	27,700,200	6,050,200	27,700,200	6,050,200
Reserves	25	(410,376)	(338,074)	-	-
Retained Profits	26	(2,328,270)	1,816,123	(2,211,441)	350,935
TOTAL EQUITY		24,961,554	7,528,249	25,488,759	6,401,135

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the year ended 30 June 2004

	Note	Consolidated		Parent Entity	
		2004	2003	2004	2003
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from grants and customers		19,488,236	7,767,529	70,950	50,000
Payments to suppliers		(11,425,577)	(2,397,575)	-	(1,437)
Payment of expenses and wages		(8,531,422)	(3,844,168)	(896,175)	-
Interest received		336,342	11,000	318,831	9,371
Borrowing costs		(389,707)	(218,994)	(51,706)	(3,221)
Income tax paid		(1,789,282)	(4,542)	5,016	(4,542)
Net cash provided by/(used in) operating activities	28(a)	(2,311,410)	1,313,250	(553,084)	50,171
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds on sale of assets		96,601	-	-	-
Payment for property, plant and equipment		(1,672,999)	(2,148,411)	(116,440)	-
Payment for Patent and IP		(198,638)	(489,438)	-	-
Deposit on purchase of assets		(294,484)	-	-	-
Payment for subsidiary, net of cash acquired	28(b)	(6,811,263)	(149,357)	-	-
Net cash (used in) investing activities		(8,880,783)	(2,787,206)	(116,440)	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		21,600,000	1,800,000	21,600,000	1,800,000
Payment for equity raising cost		(2,111,892)	(140,150)	(2,111,892)	-
Proceeds from borrowings		-	(5,859)	-	(47,370)
Payments of borrowings		(1,750,609)	-	(19,707)	-
Loan to Group		-	-	(12,403,935)	(1,807,000)
Net cash provided by/(used in) financing activities		17,737,499	1,653,991	7,064,466	(54,370)
Net increase/(decrease) in cash held		6,545,306	180,035	6,394,942	(4,199)
Cash at 1 July 2003		12,861	(169,692)	7,482	11,681
Effect of exchange rates on cash holdings in foreign currencies		-	2,518	-	-
Cash at 30 June 2004		6,558,167	12,861	6,402,424	7,482

The accompanying notes form part of these financial statements

Note 1: Statement of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the economic entity of ITL Limited and controlled entities, and ITL Limited as an individual parent entity. ITL Limited converted to a Public company on 17 July 2003, listed on the Australian Stock Exchange on 29 October 2003 and is incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Principles of Consolidation

A controlled entity is any entity controlled by ITL Limited. Control exists where ITL Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with ITL Limited to achieve the objectives of ITL Limited. A list of controlled entities is contained in Note 30 to the financial statements.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

Outside interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

(b) Income Tax

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

The Directors have agreed for those entities within the economic entity that are wholly-owned Australian entities to be taxed as a single entity from 1 July 2003. However, the adoption of the tax consolidation system by the group has not yet been formally notified to the Australian Taxation Office (ATO). The head entity within the tax consolidated group for the purposes of the tax consolidation system is ITL Limited. All wholly owned resident subsidiaries will join the tax consolidated group as from 1 July 2003.

Entities within the tax consolidated group have undertaken to enter into a tax-sharing agreement with the head entity. Under the terms of this agreement, ITL and each of the entities in the tax consolidated group has agreed to pay a tax equivalent payment to or from the head entity, on a reasonable basis acceptable to the ATO. Such amounts are reflected in amounts receivable from or payable to other entities in the tax consolidated group.

(c) 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.

Note 1: Statement of significant accounting policies – continued

(d) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Property

Leasehold land and buildings are measured at cost or fair value basis, being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. It is the policy of the economic entity to have an independent valuation every three years, with annual appraisals being made by the directors.

The revaluation of leasehold land and buildings has not taken account of the potential capital gains tax on assets acquired after the introduction of capital gains tax. Valuations of land and buildings have not been undertaken since purchase. Valuations are currently being undertaken in respect of the company's land and buildings located in Ipoh, Malaysia.

Plant and equipment

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 from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding leasehold land, is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to depreciation. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Product tools	10%
Commercialisation expenditure	20%
Furniture and fittings	20%
Buildings	2.5%
Computer & Office Equipment	33.33%
Leasehold land (Malaysia only)	1%

As at 1 July 2003 the depreciation rates applicable to a number of classes of assets was changed as follows:

Class of Fixed Asset	Rate Effective from 1 July 2003	Rate Effective To 30 June 2003
Product tools	10%	20%
Commercialisation expenditure	5%	20%

The rates were changed to align the company's depreciation rate with the applicable rates as allowed by the Australian Taxation Office and the rate of depreciation and amortisation more appropriate to the nature of the underlying asset.

The effect of the change in accounting policy has been to reduce the expense in the year to 30 June 2004 by \$533,493.

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the economic entity are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Note 1: Statement of significant accounting policies – continued

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. Lease incentive payments received reduce the lease liability.

(f) Investments in Associates

The economic entity has no associates, all entities are 100% owned.

(g) Research and Development Expenditure

Product Research and Development costs are charged to profit from ordinary activities before income tax as incurred or deferred where it is expected beyond any reasonable doubt that sufficient future benefits will be derived so as to recover those deferred costs.

Deferred research and development expenditure is amortised on a straight line basis over the period during which the related benefits are expected to be realised, once commercial production has commenced.

The Directors review the carrying value of Capitalised Research and Development annually to ensure the appropriateness of the asset value and its ability to contribute to the economic performance of the economic entity.

The balances are reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer probable are written off.

(h) Business Development Expenditure

Business Development costs are charged to profit from ordinary activities before income tax as incurred or deferred where it is expected beyond any reasonable doubt that sufficient future benefits will be derived so as to recover those deferred costs.

Business development expenditure is amortised on a straight line basis over the period during which the related benefits are expected to be realised, once commercial production has commenced.

The Directors review the carrying value of capitalised Business Development annually to ensure the appropriateness of the asset value and its ability to contribute to the economic performance of the economic entity.

The balances are reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer probable are written off.

(i) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Both purchased goodwill and goodwill on consolidation are amortised on a straight line basis over the period of 20 years. The balances are reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer probable are written off.

Patents and Trademarks

Patents and Trademarks are valued in the Financial Statements at cost of acquisition and 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.

(j) Foreign Currency Transactions and Balances

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at that date.

The gains and losses from conversion of assets and liabilities, whether realised or unrealised, are included in profit from ordinary activities as they arise.

The assets and liabilities of the overseas controlled entities, which are self-sustaining, are translated at year-end rates and operating results are translated at the rates average ruling rate for the financial year. Gains and losses arising on translation are taken directly to the foreign currency translation reserve.

Note 1: Statement of significant accounting policies – continued

Exchange differences arising on hedged transactions undertaken to hedge foreign currency exposures, other than those for the purchase and sale of goods and services, are brought to account in the profit from ordinary activities when the exchange rates change. Any material gain or loss arising at the time of entering into hedge transactions is deferred and brought to account in the profit from ordinary activities over the lives of the hedges.

Costs or gains arising at the time of entering hedged transactions for the purchase and sale of goods and services, and exchange differences that occur up to the date of purchase or sale, are deferred and included in the measurement of the purchase or sale. Gains and losses from speculative foreign currency transactions are brought to account in the profit from ordinary activities when the exchange rate changes.

(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 expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other 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.

Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

(l) Cash

For the purpose of the statement of cash flows, cash includes:

- cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts;
- investments in money market instruments with less than 14 days to maturity.

(m) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the rights 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).

(n) 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 statement of financial position are shown inclusive of GST.

Cash flows are included in the statement of cash flows on a cost basis. The GST components of cash flows arising from investing and financing activities which are recoverable from the Australian taxation Office are classified as operating cash flows.

(o) Receivables

The collectibility of debts is assessed at reporting date and specific provision is made for any doubtful debts.

Trade debtors to be settled within sixty (60) days are carried at amounts due.

(p) Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, foreign exchange differences net of hedged amounts on borrowings, including trade creditors and lease finance charges.

Ancillary costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings.

Note 1: Statement of significant accounting policies – continued

(q) Earnings per share

Basic earnings per share (“EPS”) is calculated by dividing the net profit attributable to the members of the parent entity for the reporting period, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS purposes), by the weighted average number of shares and dilutive potential ordinary shares adjusted for any bonus issue.

(r) Provisions

A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

If the effect is material, a provision is determined by discounting the expected future cash flows (adjusted for expected future risks) required to settle the obligation at a pre-tax rate that reflects current markets assessments of the time value of money and the risks specific to the liability, being risk free rates on government bonds most closely matching the expected future payments, except where noted below. The unwinding of the discount is treated as part of the expense relating to the particular provision.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the recoverable receivable is recognised as an asset when it is probable that recovery will be received and is measured on a basis consistent with the measurement of the related provision.

In the statement of financial performance, the expense recognised is presented net of the recovery. In the statement of financial position, the provision is recognised net of the recovery receivable only when the entity

- has a legally recognised right to set-off the recovery receivable and the provision, and
- intends to settle on a net basis, or to realise the asset and settle the provision simultaneously.

(s) Dividends

A provision for dividends payable is recognised in the reporting period in which the dividends are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash.

(t) Comparatives

Where required by Accounting standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(u) Adoption of Australian Equivalents to International Financial Reporting Standards

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the end of the current financial year.

The Company’s Management, along with its auditors, are assessing the significance of these changes and preparing for their implementation. We will seek to keep stakeholders informed as to the impact of these new standards as they are finalised. The Board is of the opinion that the key differences in the Company’s accounting policies which will arise from the adoption of IFRS are:

Research and Development Expenditure

Pending standard AASB 138: Intangible Assets further requires that costs associated with research be expensed in the period in which they are incurred. In terms of current policy, research costs are capitalised to the statement of financial position where it is expected beyond any reasonable doubt that sufficient future benefits will be derived so as to recover these deferred costs.

Impairment of Assets

The economic entity currently determines the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the assets use and subsequent disposal. In terms of pending AASB 136: Impairment of Assets, the recoverable amount of an asset will be determined as the higher of fair value less costs to sell and value in use. It is likely that this change in accounting policy will lead to impairments being recognised more often than under the existing policy.

Note 1: Statement of significant accounting policies – continued*Goodwill on Consolidation*

Under the proposed changes to the IAS 22: Business Combinations, goodwill is to be capitalised to the statement of financial position and subjected to an annual impairment test. Amortisation of goodwill is to be prohibited. Current accounting policy of the entity is to amortise goodwill on a straight line basis over the period of 20 years.

Non-current Investments

Under the pending AASB 139: Financial Instruments: Recognition and measurement, financial instruments that are classified as available for sale instruments must be carried at fair value. Unrealised gains or losses may be recognised either in income or directly to equity. Current accounting policy is to measure non-current investments at cost, with an annual review by directors to ensure that the carrying amounts are not in excess of the recoverable value of the instrument.

Income Tax

Currently, the economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under the Australian equivalent to IAS 12, the economic entity will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

Derivative Financial Instruments

The economic entity does not currently recognise derivative financial instruments in the financial statements. Pending AASB 139: Financial Instruments: Recognition and Measurement will require a change to the method of accounting for derivative financial instruments and hedging activities so that they are recorded in the financial statements.

Note 2: Revenue

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Operating activities:				
Revenue from grants	115,040	439,907	-	-
Sale of goods	17,126,598	8,271,829	-	-
Interest received	359,829	9,844	342,318	9,371
Rental revenue	6,796	11,000	63,000	53,000
Dividend	-	-	-	646,000
Other	20,448	53,390	1,500	-
Total revenue	17,628,711	8,785,970	406,818	708,371

Note 3: Profit from Ordinary Activities

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Profit from ordinary activities before income tax has been determined after:				
(a) Expenses				
Cost of sales	8,624,340	1,792,729	-	-
Borrowing costs	141,247	200,486	1,853	3,221
Write down of inventories	45,376	-	-	-
Depreciation of non-current assets:				
- Factory Plant & Equipment included in cost of goods sold	228,419	-	-	-
- Buildings	63,386	27,942	5,460	5,460
- Plant, equipment & Tools	240,024	399,189	4,709	-
- Furniture & Fittings	60,280	70,174	31,196	32,609
- Computer Software	22,965	7,202	-	-
- Leasehold Improvement	11,866	11,676	-	-
Total depreciation	626,940	516,183	41,365	38,069
Amortisation of non-current assets:				
- Lease	-	3,247	-	-
- Product development expenditure	106,396	224,211	489	-
- Goodwill	4,335	125	-	-
- Goodwill on consolidation	326,379	161,214	-	-
- Patents and trademarks	138,965	169,077	-	-
Total amortisation	576,075	557,874	489	-
Total Depreciation and Amortisation	1,203,015	1,074,057	41,854	38,069
Total Depreciation and Amortisation	1,203,015	1,074,057	41,854	38,069
Less: Depreciation included in COGS	(228,419)	-	-	-
	974,596	1,074,057	41,854	38,069
Foreign currency translation (gains)/losses	(53,013)	390,681	-	-
(b) Revenue and Net Gains				
Net gain on disposal of non-current assets:				
- property, plant and equipment	(5,555)	-	-	-
(c) Significant Revenues and Expenses				
- Dividend Received	-	-	-	646,000

Note 4: Auditors' Remuneration

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Remuneration of the auditor of the parent entity for:				
— auditing or reviewing the financial report	90,000	89,000	90,000	-
— taxation services	21,766	-	21,766	-
— other services	7,000	4,018	7,000	-
Remuneration of other auditors of subsidiaries for:				
— auditing or reviewing the financial report of subsidiaries	4,073	4,074	-	-

Note 5: Income Tax Expense

(a) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie tax payable on profit from ordinary activities before income tax at 30%

- economic entity	(601,685)	816,240	-	-
- parent entity	-	-	(231,891)	199,693
- other members of the income tax consolidated group net of intercompany transactions	-	-	(369,794)	-
	(601,685)	816,240	(601,685)	199,693
Add:				
Tax effect of:				
- non-deductible depreciation and amortisation	-	(7,936)	-	(7,935)
- other non-allowable items	51,743	(19,409)	-	-
	(549,942)	788,895	(601,685)	191,758
Less:				
Tax effect of:				
- Capital profits not subject to income tax	-	-	-	-
- Other allowable items	(146,870)	-	(90,597)	-
Allocation of income tax expense to wholly-owned subsidiaries under tax sharing agreement	-	-	369,794	-
Adjustment for tax variations for individual entities in the group	723,696	-	-	-
Income tax expense attributable to profit from ordinary activities before income tax	26,884	788,895	(322,488)	191,758

Note 6: Dividends

1 July 2002 Company Directors declared and paid a dividend of 0.0052 cents per share, unfranked

Consolidated		Parent Entity	
2004	2003	2004	2003
\$	\$	\$	\$
-	156,000	-	156,000

Note 7: Earnings per Share

Earnings per share is calculated based on the operating profit after income tax

Weighted average number of ordinary shares used in the calculation of basic EPS

Weighted average number of options outstanding

Weighted average number of ordinary shares used in the calculation of dilutive EPS

(2,032,501)	856,390	-	-
76,488,189	30,583,287	-	-
3,277,715	-	-	-
79,765,904	30,583,287		

Note 8: Cash Assets

Cash on Hand

Cash at bank

5,211	1,340	500	191
7,360,288	314,890	6,401,924	7,291
7,365,499	316,230	6,402,424	7,482

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash

Bank overdrafts

7,365,499	316,230	6,402,424	7,482
(807,332)	(303,369)	-	-
6,558,167	12,861	6,402,424	7,482

Note 9: Receivables

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Current				
Trade debtors	3,194,402	1,263,373	-	-
Loans - Directors	20,623	-	-	-
Loans – Employees	46,021	-	-	-
Other debtors	-	166,367	-	-
Accrued revenue	132,237	295,074	23,487	-
GST and other tax	62,673	-	6,082	-
	3,455,956	1,724,814	29,569	-

Note 10: Inventories

At cost

Raw materials and stores	3,758,728	180,780	-	-
Work in progress	50,186	23,524	-	-
Finished goods	1,001,620	557,988	-	-
	4,810,534	762,292	-	-

Note 11: Prepayments

Current

Prepayments	371,067	17,172	46,652	-
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Note 12: Other Financial Assets

Current

Deposit on purchase of assets	294,484	-	-	-
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Note 13: Property, Plant and Equipment

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Land and Buildings				
Leasehold Land at cost	318,273	327,307	63,000	63,000
Less: accumulated amortisation	(8,876)	(6,355)	-	-
Total Leasehold Land	309,397	320,952	63,000	63,000
Buildings at cost	1,218,791	1,137,450	155,275	155,275
Less: accumulated depreciation	(87,878)	(63,555)	(24,886)	(19,426)
Total Buildings	1,130,913	1,073,895	130,389	135,849
Total Land and Buildings	1,440,310	1,394,847	193,389	198,849
Plant and Equipment				
Furniture & Fittings at cost	456,057	417,087	177,295	176,725
Less : accumulated depreciation	(281,012)	(212,040)	(163,110)	(131,914)
Total Furniture & Fittings	175,045	205,047	14,185	44,811
Computer & office equipment at cost	943,819	469,756	60,015	-
Less : accumulated depreciation	(457,802)	(147,440)	(4,709)	-
Total computer & office equipment	486,017	322,316	55,306	-
Leasehold Improvements at cost	71,297	58,283	-	-
Less : accumulated depreciation	(33,055)	(18,315)	-	-
Total Leasehold Improvements	38,242	39,968	-	-
Plant & Equipment at cost	71,262	-	-	-
Less : accumulated depreciation	(36,696)	-	-	-
Total Plant & Equipment at cost	34,566	-	-	-
Motor Vehicles at cost	93,180	77,780	-	-
Less : accumulated depreciation	(50,014)	(31,398)	-	-
Total Motor Vehicle	43,166	46,382	-	-
Total Plant and Equipment	777,036	613,713	69,491	44,811
Total Property, Plant and Equipment	2,217,346	2,008,560	262,880	243,660

Note 13: Property, Plant and Equipment – continued**(a) Movements in carrying amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Balance at the beginning of year	Additions	Foreign exchange gain/(loss)	Depreciation expense	Disposal	Carrying amount at the end of year
	\$	\$	\$	\$	\$	\$
Economic Entity						
Leasehold Land	320,952	-	(8,899)	(2,656)	-	309,397
Buildings	1,073,895	117,615	(35,378)	(25,219)	-	1,130,913
Furniture & Fittings	205,047	39,928	(3,270)	(66,660)	-	175,045
Computer & office Equipment	322,316	392,685	(6,877)	(216,904)	(5,203)	486,017
Leasehold Improvements	39,968	11,707	-	(13,433)	-	38,242
Plant & Equipment	-	45,888	-	(11,322)	-	34,566
Motor Vehicle	46,382	83,544	(2,038)	(27,603)	(57,119)	43,166
Total	2,008,560	691,367	(56,462)	(363,797)	(62,322)	2,217,346
Parent Entity						
Leasehold Land	63,000	-	-	-	-	63,000
Buildings	135,849	-	-	(5,460)	-	130,389
Furniture & Fittings	44,811	570	-	(31,196)	-	14,185
Computer & office Equipment	-	60,015	-	(4,709)	-	55,306
Total	243,660	60,585	-	(41,365)	-	262,880

Note 14: Product development, tools and production

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Product Design				
At cost	2,018,092	1,318,108	55,855	-
Less : accumulated depreciation	(628,645)	(567,372)	(489)	-
Total Product Design	1,389,447	750,736	55,366	-
Market Development				
At cost	134,048	134,048	-	-
Less : accumulated depreciation	(134,048)	(134,048)	-	-
Total Market Development	-	-	-	-
Automation Design				
At cost	118,896	118,896	-	-
Less : accumulated depreciation	(118,896)	(118,896)	-	-
Total Automation Design	-	-	-	-
Procedure Packs				
At cost	860,163	781,878	-	-
Less : accumulated depreciation	(131,419)	(89,865)	-	-
Total Procedure Packs	728,744	692,013	-	-
Total Product Development	2,118,191	1,442,749	55,366	-
Product Tools				
At cost	3,360,407	2,987,840	-	-
Less : accumulated depreciation	(1,143,620)	(880,454)	-	-
Total Product tools	2,216,787	2,107,386	-	-
Production, QA, Lab Equipment				
At cost	243,201	208,702	-	-
Less : accumulated depreciation	(57,012)	(37,096)	-	-
Total Production, QA and Lab Equipment	186,189	171,606	-	-
Total Product Tools and Production	2,402,976	2,278,992	-	-
Total Product Development, tools and production	4,521,167	3,721,741	55,366	-

Note 14: Product development, tools and production – continued**(a) Movements in carrying amounts**

Movement in the carrying amounts for each class of Product development, tools and production between the beginning and the end of the current financial year:

	Balance at the beginning of year	Additions	Foreign exchange gain/(loss)	Depreciation expense	Disposal	Carrying amount at the end of year
	\$	\$	\$	\$	\$	\$
Economic Entity						
Product design	750,736	710,408	-	(61,680)	(10,017)	1,389,447
Market development	-	-	-	-	-	-
Automation design	-	-	-	-	-	-
Procedure packs	692,013	78,285	-	(41,554)	-	728,744
Product tools	2,107,386	485,824	(76,517)	(270,147)	(29,759)	2,216,787
Production, QA and lab	171,606	41,633	(6,504)	(20,546)	-	186,189
Total	3,721,741	1,316,150	(83,021)	(393,927)	(39,776)	4,521,167
Parent Entity						
Product design	-	55,855	-	(489)	-	55,366
Total	-	55,855	-	(489)	-	55,366

Note 15: Intangible Assets

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Patents, trademarks and licenses at cost	1,848,937	1,650,299	-	-
Less : accumulated amortisation	(840,194)	(701,118)	-	-
	1,008,743	949,181	-	-
Goodwill at cost	8,259,238	3,373,639	-	-
Less : accumulated amortisation	(653,267)	(322,553)	-	-
	7,605,971	3,051,086	-	-
	8,614,714	4,000,267	-	-

(a) 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:

	Balance at the beginning of year	Additions	Amortisation expense	Disposal	Carrying amount at the end of year
	\$	\$	\$	\$	\$
Economic Entity					
Patents, trademarks and licenses	949,181	198,638	(139,076)	-	1,008,743
Goodwill	3,051,086	4,885,599	(330,714)	-	7,605,971
Total	4,000,267	5,084,237	(469,790)	-	8,614,714

Note 16: Deferred Tax Assets

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Future income tax benefit	431,312	386,557	431,312	33,727
Provision for Deferred income tax	-	-	-	-
	431,312	386,557	431,312	33,727

(a) The Deferred tax assets are made up of the following estimated tax benefits:

- timing differences	431,312	386,557	431,312	33,727
	431,312	386,557	431,312	33,727

Note 17: Formation expenses

Formation Expenses	-	8,391	-	1,389
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Note 18: Investments accounted for using the equity method

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
ITL Needleguard Corporation Pty Ltd	-	-	5,000,000	5,000,000
ITL Corporation Pty Ltd	-	-	200	200
Noble House Group Pty Ltd	-	-	200	200
Cedrica Group Limited	-	-	4	4
ITL Europe Ltd	-	-	5	5
ITL Design and Manufacturing Pty Ltd	-	-	1	1
ITL Healthcare Pty Ltd	-	-	2	2
	-	-	5,000,412	5,000,412

Note 19: Intercompany loans

ITL Needleguard Corporation Pty Ltd	-	-	805,661	-
ITL Corporation Pty Ltd	-	-	3,086,006	674,290
Noble House Group Pty Ltd	-	-	3,652	-
Cedrica Group Limited	-	-	646,000	646,000
ITL Asia Pacific Sdn Bhd	-	-	789,906	-
ITL Design and Manufacturing Pty Ltd	-	-	6,003	-
ITL Healthcare Pty Ltd	-	-	8,280,797	-
	-	-	13,618,025	1,320,290

Note 20: Payables

Unsecured liabilities				
Trade creditors	2,263,506	740,145	8,896	3,000
Sundry creditors and accrued expenses	2,282,683	324,115	209,404	-
Amounts payable to:				
- director related parties	-	15,909	-	-
	4,546,189	1,080,169	218,300	3,000

Note 21: Interest Bearing Liabilities

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Current				
Unsecured liabilities				
AusIndustry loan	-	200,576	-	-
Secured liabilities				
Bank overdrafts	807,332	303,369	-	-
Hire Purchase Liability	253,757	272,090	-	-
Bank loans	259,937	226,309	-	19,707
	1,321,026	801,768	-	19,707
	1,321,026	1,002,344	-	19,707
Non Current				
Secured liabilities				
Bank loans	432,570	737,512	-	-
Hire Purchase Liability	285,033	619,922	-	-
	717,603	1,357,434	-	-
(a) Total current and non-current secured liabilities:				
Bank overdraft	807,332	303,369	-	-
Bank loan	692,507	963,821	-	19,707
Hire Purchase Liability	538,790	892,012	-	-
AusIndustry loan	-	200,576	-	-
	2,038,629	2,359,778	-	19,707
(b) The carrying amounts of non-current assets pledged as security are:				
First mortgage				
Leasehold land and buildings	1,513,767	1,522,848	-	327,307
Hire Purchase assets (net liability)	935,089	892,012	-	-
Other assets pledged as security	-	-	-	-
Total assets pledged as security	2,448,856	2,414,860	-	327,307

(c) The bank overdraft of a subsidiary entity is secured by a registered first mortgage over leasehold properties of the parent entity.

(d) The bank overdraft, mortgage loans and other finance facilities of an overseas subsidiary are secured by registered first mortgages over certain leasehold property of the subsidiaries, a debenture charge over all assets of the overseas subsidiary and a Director's guarantee.

(e) Hire purchase liability of subsidiary companies is secured by the assets.

Note 22: Tax Liabilities (asset)

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Current				
Income tax	(313,672)	1,658,766	107,031	26,918
Non Current				
Provision for Deferred Income Tax	508,114	253,319	-	-
Total Tax Liabilities	194,442	1,912,085	107,031	26,918

Note 23: Provisions

Current				
Employee entitlements	341,265	65,743	32,550	-
Number of Employees (Full-time equivalents)	193	120	18	-

Note 24: Contributed Equity

Issued Ordinary Shares:

99,614,000 ordinary shares (2003: 6,050,200)	27,700,200	6,050,200	27,700,200	6,050,200
Shares issued during the period:				
At beginning of period	6,050,200	4,250,200	6,050,200	4,250,200
1,800,000 shares issued at \$1.00 each – unrelated parties	-	1,800,000	-	1,800,000
50,000 shares issued on 1 July 2003 - note 28(b)	50,000	-	50,000	-
600,000 shares issued on 29 October 2003	600,000	-	600,000	-
21,000,000 shares issued on 29 October 2003	21,000,000	-	21,000,000	-
	27,700,200	6,050,200	27,700,200	6,050,200

Note 24: Contributed Equity – continued

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
	No.	No.	No.	No.
At beginning of period	30,000,000	200	30,000,000	200
Conversion of 200 shares to 30,000,000 on 18 February 2003	-	29,999,800	-	29,999,800
50,000 shares issued on 1 July 2003 - note 28(b)	50,000	-	50,000	-
Conversion of 30,000,000 shares to 200 on 27 August 2003	(29,999,800)	-	(29,999,800)	-
Shares issued as consideration for the purchase for the purchase by ITL Limited of the shares of ITL Needleguard Corporation Pty Limited on 27 August 2003	4,250,000	-	4,250,000	-
Conversion of shares on 3 September 2003	47,539,800	-	47,539,800	-
Issue of shares to sophisticated investors on 9 September 2003	5,774,000	-	5,774,000	-
42,000,000 shares issued on 29 October 2003	42,000,000	-	42,000,000	-
	99,614,000	30,000,000	99,614,000	30,000,000

On 1 July 2003 the company issued 50,000 ordinary shares at \$1 each to complete the purchase of the assets and undertakings of CWP Design Pty Limited. These shares rank for dividend paid after 1 July 2003.

On 29 October 2003 the company issued 600,000 ordinary shares at \$1 each to shareholders in the company's private capital raising. These shares rank for dividend paid after 29 October 2003.

On 29 October 2003 the company converted the issued shares in the company to 50,913,800 ordinary shares of \$0.50 cents each. These shares rank for dividend paid after 29 October 2003.

On 29 October 2003 in conjunction with the company's listing on the Australian Stock Exchange (ASX) 42,000,000 ordinary shares of \$0.50 cents each were issued to shareholders. These shares rank for dividend paid after 29 October 2003.

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.

Note 25: Reserves

Foreign Currency translation	(410,376)	(338,074)	-	-
(a) Foreign Currency Translation Reserve Movements During the Year				
Opening Balance	(338,074)	(90,370)	-	-
Adjustment arising from the translation of foreign controlled entities' financial statements	(72,302)	(247,704)	-	-
Closing balance	(410,376)	(338,074)	-	-

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary

Note 26: Retained Profits

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Retained profits at the beginning of the financial year	1,816,123	1,115,255	350,935	109,084
Prior year tax adjustment	-	56,562	-	64,111
Prior year Tools Depreciation adjustment	-	84,066	-	-
Equity raising cost	(2,111,892)	(140,150)	(2,111,892)	(140,150)
Net profit/(loss) attributable to the members of the parent entity	(2,032,501)	856,390	(450,484)	473,890
Dividends provided for or paid	-	(156,000)	-	(156,000)
Retained Profits at the end of the financial year	(2,328,270)	1,816,123	(2,211,441)	350,935

Note 27: Capital and Leasing Commitments**(a) Property rent and lease commitments**

Payable

- not later than 1 year	164,152	51,541	-	-
- later than 1 year but not later than 5 years	208,949	111,372	-	-
- later than 5 years	-	185,618	-	-
	373,101	348,531	-	-

Property rent and lease commitments relates to office premises in the UK and USA

(b) Operating Lease Commitments

Payable

- not later than 1 year	15,219	9,423	-	-
- later than 1 year but not later than 5 years	33,426	7,968	-	-
- later than 5 years	-	-	-	-
	48,645	17,391	-	-

Operating lease relates to office equipment

Total Capital and Leasing Commitments	421,746	365,922	-	-
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Note 28: Cash Flow Information

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
(a) Reconciliation of Cash Flows from Operations with Profit/(Loss) from Ordinary Activities after Income Tax				
Profit/(loss) from ordinary activities after income tax	(2,032,501)	856,390	(450,484)	473,890
Cash flows excluded from profit/(loss) from ordinary activities attributable to operating activities				
Non-cash flows in profit/(loss) from ordinary activities				
Amortisation	576,075	554,627	489	-
Depreciation	626,940	519,430	41,365	38,069
Net gain on disposal of property, plant and equipment	5,555	-	-	-
Write-off of formation expenses	8,391	-	1,389	-
Write-off of Inventory	45,376	-	-	-
Unrealised (gain)/loss on foreign currency transactions	53,013	(88,636)	-	-
Dividends from subsidiary company	-	-	-	(646,000)
(Increase)/decrease in trade and term debtors	132,055	(715,367)	(6,082)	-
(Increase) in prepayments	(353,895)	(13,747)	(46,652)	(3,003)
(Increase)/decrease in accrued income	162,837	(295,074)	(23,487)	-
(Increase) in inventories	(1,862,683)	(99,914)	-	-
(Increase) in Future Income Tax benefit	(44,755)	-	(397,585)	-
Increase/(decrease) in trade creditors and accruals	2,003,556	(188,872)	215,300	-
Increase/(decrease) in taxes payable	(1,717,643)	841,824	80,113	26,918
Increase/(decrease) in provisions	86,269	(57,491)	32,550	160,297
Cash flow from operations	(2,311,410)	1,313,250	(553,084)	50,171

Note 28: Cash Flow Information – continued

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
(b) Acquisition of Entities				
CWP Design Pty Limited				
ITL Limited (via subsidiary company) completed the acquisition of CWP Design Pty Limited's assets and the business operations. Contracts were exchanged on 1 June 2003.				
Total Purchase consideration	150,000	100,000	150,000	100,000
Cash consideration (paid in 2003, capitalised in 2004)	100,000	100,000	100,000	100,000
Shares issued (as per Note 24)	50,000	-	50,000	-
	150,000	100,000	150,000	100,000
Assets and liabilities held at acquisition date:				
Inventories	1,000	1,000	1,000	1,000
Property, plant and equipment	69,000	69,000	69,000	69,000
	70,000	70,000	70,000	70,000
Goodwill on consolidation	80,000	30,000	80,000	30,000
Outside equity interests in acquisitions	-	-	-	-
Total Cost for CWP Design Pty Limited	150,000	100,000	150,000	100,000
Surgicare Pty Limited				
On 24 October 2003 100% of the controlled entity was acquired. Details of the transaction are:				
Cash Consideration due on acquisition of controlled entity	6,998,302	-	-	-
Costs associated with acquisition	114,658	119,357	-	-
	7,112,960	119,357	-	-
Projected Maximum Performance consideration due at end of one year	1,450,000	-	-	-
Projected maximum consideration	8,562,960	119,357	-	-
Performance consideration	1,450,000	-	-	-
Cash outflow	7,112,960	119,357	-	-

Note 28: Cash Flow Information – continued

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
(b) Acquisition of Entities (Cont'd)				
Assets and liabilities held at acquisition date:				
Inventories	2,230,935	-	-	-
Property, plant and equipment	305,042	-	-	-
Receivables – Trade and other	1,996,000	-	-	-
Cash	182,341	-	-	-
Other assets	30,034	-	-	-
Trade and other creditors	(1,468,602)	-	-	-
Hire purchase finance liabilities	(68,895)	-	-	-
Provisions	(189,253)	-	-	-
Loans	(856,602)	-	-	-
	2,161,000	-	-	-
Goodwill on acquisition	4,951,960	119,357	-	-
	7,112,960	119,357	-	-
Less: Cash acquired on acquisition	301,697	-	-	-
Total Cost for Surgicare Pty Limited	6,811,263	119,357	-	-
Payment for Subsidiary, net of cash acquired	6,811,263	149,357	-	-
(c) Loan facilities				
Amount utilised	2,038,629	2,359,778	-	19,707
The major facilities are summarised as follows:				
Bank overdrafts	807,332	303,369	-	-
Bank loans	692,507	963,821	-	19,707
Hire Purchase Liability	538,790	892,012	-	-
Other loans	-	200,576	-	-
	2,038,629	2,359,778	-	19,707

Note 29: Contingent Liabilities and Contingent Assets**US Patent Litigation**

The Platypus® litigation is nearing conclusion, however a number of issues are still being decided by the Judge. The appeal process is still available.

A Jury Trial was held during February to April 2004. The Jury found ITL not to have infringed and five of the eight patent claims in question were made invalid. However, the Jury found that the remaining three claims were valid and infringed by JMS (ITL's distributor). Due to a prior joint defence agreement with JMS, ITL has decided to expense \$1.1 million as its share of the settlement.

Note 29: Contingent Liabilities and Contingent Assets – continued

APIS Needle Assembly

Noble House Group Pty Limited, a wholly owned subsidiary of ITL, is the defendant in litigation commenced in the Netherlands. In these proceedings, the plaintiff is seeking revocation of patents with respect to the guarded medical needle assembly acquired from Advanced Protective Injection Systems due to lack of novelty. These patents were acquired in 2003.

If ITL's defence of these proceedings is unsuccessful, there may be restrictions imposed on ITL's ability to enforce its monopoly rights with respect to the patent. Until the litigation is concluded, ITL may suffer diversion of management time and attention from the ongoing conduct of the business of ITL and expose ITL to legal costs in conducting the proceedings. These legal costs are not expected to be material in the context of ITL.

Royalties derived from the patent are not forecast to make a material contribution to revenue or profits in the 2005 financial year. Moreover, the revocation proceedings relate only to European patent 547 096 and is not expected to impact on the comparable patent registered outside Europe.

Note 30: Controlled Entities

(a) Controlled Entities

	Country of Incorporation	Percentage Owned (%)	Percentage Owned (%)
		2004	2003
Parent Entity			
ITL Limited	Australia		
Subsidiaries of ITL Limited			
ITL Needleguard Corporation Pty Limited	Australia	100%	100%
ITL Corporation Pty Limited	Australia	100%	100%
Noble House Group Pty Limited	Australia	100%	100%
Cedrica Group Limited	British Virgin Islands	100%	100%
ITL North America Inc	USA	100%	100%
ITL Europe Limited	UK	100%	100%
ITL Asia Pacific Sdn Bhd	Malaysia	100%	100%
ITL Design and Manufacturing Pty Limited	Australia	100%	100%
ITL HealthCare Pty Limited	Australia	100%	100%
ITL HealthCare Sdn Bhd	Malaysia	100%	100%
Surgicare Pty Limited	Australia	100%	-

(b) Controlled Entities Acquired

Surgicare Pty Limited	Australia	100%	100%
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On 24 October 2003 ITL Healthcare Pty Limited a subsidiary of the parent entity acquired 100% of Surgicare Pty Limited with ITL Limited entitled to all profits earned from 24 October 2003 for a purchase consideration not expected to exceed \$8,562,960 - see Note 28 (b).

Note 31: Related party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated

Transactions with related parties:

(i) Ultimate Parent Company

None

(ii) Entities within wholly owned group

None

(iii) Directors

Companies associated with directors were paid	-	365,812	-
Directors were paid	44,333	128,999	

(iv) Share Transactions of Directors

Directors and Director – related entities hold directly, indirectly or beneficially as at the reporting date are disclosed in Note 32.

Note 32: Directors' and Executive Officers' Remuneration

(a) Names and positions held of parent entity directors and specified executives in office at any time during the financial year are:

Parent Entity Directors

Mr Richard England	Chairman – Non-Executive
Mr Julian Gosse	Director – Non-Executive
Mr William Mobbs	Director – Executive
Dr Jagmohanbir Dillon	Director – Executive

Specified Executives

Mr Tim McKinnon	Managing Director Commercial – ITL Asia Pacific Sdn Bhd
Mr Frank Kubik	Managing Director Production – ITL Asia Pacific Sdn Bhd
Ms Stephanie Norrell	Managing Director – ITL North America Inc
Mr David Laffar	Managing Director – ITL Europe Limited
Mr Avtar Kashamirian	Group R&D Manager
Mr Craig Wilson	Design General Manager
Mr Peter Gray	ITL Healthcare Pty Ltd Managing Director
Ms Nola Gray	ITL Healthcare Pty Ltd General Manager

Note 32: Directors' and Executive Officers' Remuneration – continued**(b) Parent Entity Directors' Remuneration**

2004	Salary, Fees & Comm'ns	Primary			Consult Fee	Post Employment			Total
		Super'n Contrib'n	Cash Bonus	Non- cash benefits		Related Party	Non- Monetary benefits	Other	
Mr R England	60,667	6,000	-	-	-	-	-	-	66,667
Mr J Gosse	50,150	5,100	-	-	-	-	-	-	55,250
Mr W Mobbs	187,266	15,000	-	1,075	46,667	28,000	-	-	278,008
Dr J Dillon	147,112	36,754	-	19,475	50,333	16,333	-	-	270,007
	445,195	62,854	-	20,550	97,000	44,333	-	-	669,932
2003	-	-	-	2,104	289,008	130,000	-	-	421,112

The service and performance criteria set to determine remuneration are included per Note (g).

(c) Specified Executives' Remuneration

2004	Salary, Fees & Comm'ns	Primary			Consult Fee	Post Employment			Total
		Super'n Contrib'n	Cash Bonus	Non- cash benefits		Related Party	Non- Monetary benefits	Other	
Mr T McKinnon	129,020	15,000	42,000	-	-	-	-	-	186,020
Mr F Kubik	70,648	-	50,641	11,941	-	-	-	-	133,230
Ms S Norrell	230,910	-	-	-	-	-	-	-	230,910
Mr D Laffar	220,899	-	-	2,764	-	-	-	-	223,663
Mr A Kashamirian	107,372	9,630	-	-	-	-	-	-	117,002
Mr C Wilson	106,400	9,000	-	-	-	-	-	-	115,400
Mr P Gray	170,269	13,500	-	-	-	-	-	-	183,769
Ms N Gray	130,961	39,039	-	-	-	-	-	-	170,000
	1,166,479	86,169	92,641	14,705	-	-	-	-	1,359,994
2003	680,624	29,006	-	14,930	-	-	-	-	724,560

The service and performance criteria set to determine remuneration are included per Note (g).

(d) Remuneration Options**Options Granted as Remuneration**

During the financial year options were granted as equity compensation benefits to certain specified directors and specified executives as discussed below. The options were issued free of charge. Each option entitles the holder to subscribe for one fully paid ordinary share in the entity at an exercise price of \$0.60. The options may be exercised as follows:

Part I**Exercise Period:**

The 42 day period commencing the day after the release of the financial result for the financial year ended 30 June 2004 to the ASX by way of Appendix 4E. Other terms and conditions are as per the Employee Share Option Plan.

Part II**Exercise Period:**

The 42 day period commencing the day after the release of the financial result for the financial year ended 30 June 2005 to the ASX by way of Appendix 4E. Other terms and conditions are as per the Employee Share Option Plan.

Note 32: Directors' and Executive Officers' Remuneration – continued**(d) Remuneration Options (Cont'd)**

	Vested		Number	Grant date	value per option at grant date	Granted Exercise Price per share	First Exercise date	Last Exercise date
	Number Part I	Number Part II						
Parent Entity Directors								
William Mobbs	250,000	250,000	-	-	-	-	-	-
Jag Dillon	250,000	250,000	-	-	-	-	-	-
Specified Executives								
Tim McKinnon	300,000	200,000	-	-	-	-	-	-
Frank Kubik	300,000	200,000	-	-	-	-	-	-
Stephanie Norrell	300,000	200,000	-	-	-	-	-	-
David Laffar	300,000	200,000	-	-	-	-	-	-
Avtar Kashamirian	250,000	-	-	-	-	-	-	-
Craig Wilson	20,000	-	-	-	-	-	-	-
Total	1,970,000	1,300,000	-	-	-	-	-	-

(e) Options and Rights Holdings**Number of Options held by specified Directors and Executives**

	Balance at the beginning of the period	Granted as remuneration	Options Exercised	Net change other	Balance at the end of the period	Vested at 30 June 2004		
						Total	Not exercisable	Exercisable
Parent Entity Directors								
William Mobbs	500,000	-	-	-	500,000	500,000	500,000	-
Jag Dillon	500,000	-	-	-	500,000	500,000	500,000	-
Specified Executives								
Tim McKinnon	500,000	-	-	-	500,000	500,000	500,000	-
Frank Kubik	500,000	-	-	-	500,000	500,000	500,000	-
Stephanie Norrell	500,000	-	-	-	500,000	500,000	500,000	-
David Laffar	500,000	-	-	-	500,000	500,000	500,000	-
Avtar Kashamirian	250,000	-	-	-	250,000	250,000	250,000	-
Craig Wilson	20,000	-	-	-	20,000	20,000	20,000	-
Total	3,270,000	-	-	-	3,270,000	3,270,000	3,270,000	-

Note 32: Directors' and Executive Officers' Remuneration – continued**(f) Shareholdings****Number of Shares held by Parent Entity Directors and Specified Executives**

Shares held in ITL Ltd (number)	Balance at date of listing	Granted as Remuner'n	On Exercise of Options	Net Change other	Balance 30/6/04
Parent Entity Directors					
Richard England	-	-	-	248,000	248,000
William Mobbs	21,955,000	-	-	100,000	22,055,000
Jag Dillon	17,955,000	-	-	-	17,955,000
Julian Gosse	-	-	-	20,000	20,000
Specified Executives					
Tim McKinnon	-	400,000	-	-	400,000
Frank Kubik	-	800,000	-	-	800,000
Stephanie Norrell	-	680,000	-	14,000	694,000
David Laffar	-	680,000	-	-	680,000
Avtar Kashamirian	-	200,000	-	243,090	443,090
Craig Wilson	-	40,000	-	110,000	150,000
Peter Gray	-	-	-	-	249,755
Nola Gray	-	-	-	467,669	467,669
Total	39,910,000	2,800,000	-	1,202,759	44,162,514

(g) Remuneration Practices

The Board of Directors of ITL Limited is responsible for determining and reviewing compensation arrangements for the directors, the chief executive officer and the executive team. The Board of Directors assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the company.

To assist in achieving these objectives, the Board of Directors links the nature and amount of executive directors' and officers' emoluments to the company's financial and operational performance. All the Directors may be paid all travelling and other expenses properly incurred by them in attending meetings of the Directors or any committee of Directors or general meetings of ITL or otherwise in connection with the execution of their duties as Directors.

In addition, any Director who is called to perform extra services or to make special exertions or to undertake any executive or other work for ITL beyond his ordinary duties or go or reside abroad or otherwise for the purposes of ITL may, subject to law, be remunerated by a fixed sum or salary as determined by the Directors. This sum may be either in addition to or in substitution for his remuneration for ordinary services.

The maximum total remuneration of the non-executive Directors has been set at \$200,000 per annum to be divided among them in such proportions as they think fit. Richard England as the Chairman Elect of ITL will initially be paid \$91,743 per annum (exclusive of superannuation) and Julian Gosse as non-executive Director will initially be paid \$30,275 per annum (exclusive of superannuation). Therefore, the total remuneration the Directors will initially receive will be \$622,018 per annum (exclusive of superannuation). The Company will make compulsory superannuation contributions on behalf of those non-executive Directors. The remuneration of each Director will be reviewed annually.

Note 33: Subsequent Events

There are no matters or circumstance that have arisen since the end of the financial year that have significantly affected or may significantly affect the operation of the company and consolidated entity, the result of those operations or state of affairs of the company and consolidated entity in future financial year.

Note 34: Financial Instruments

(a) Interest Rate Risk

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Non-Interest Bearing		Floating Interest		Fixed Interest		Rate Maturing	
	Rate	Rate	Rate	Rate	Within 1 Year	Within 1 Year	1 to 5 Years	1 to 5 Years
	2004	2003	2004	2003	2004	2003	2004	2003
Financial Assets								
Cash on hand	5,211	1,340	-	-	-	-	-	-
Cash at bank	-	-	7,360,288	314,890	-	-	-	-
Receivables	3,455,956	1,724,814	-	-	-	-	-	-
Total Financial Assets	3,461,167	1,726,154	7,360,288	314,890	-	-	-	-
Weighted Average Effective Interest Rate								
	-	4.82%	-	-	-	-	-	-
Financial Liabilities								
Trade accounts payable	4,564,189	1,080,169	-	-	-	-	-	-
Bank overdraft	-	-	807,332	303,369	-	-	-	-
Bank loans	-	-	692,507	963,821	-	-	-	-
Hire purchase liability	-	-	-	-	253,757	272,090	285,033	619,922
Other loans	-	-	-	200,576	-	-	-	-
Total Financial Liabilities	4,564,189	1,080,169	1,499,839	1,467,766	253,757	272,090	285,033	619,922
Weighted Average Effective Interest Rate								
	-	-	7.08%	6.83%	5.06%	5.49%	5.06%	5.49%

(b) Credit Risk

The company's maximum exposures 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 doubtful debts of those assets, as disclosed in the statement of financial position and the notes to the financial statements.

Credit risk for derivative financial instruments arises from the potential failure by counterparties to the contract to meet their obligations. The credit risk exposure to forward exchange contracts and interest rate swaps is the net fair value of these contracts as disclosed in (c).

Except for the following concentrations of credit risks, the economic entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Note 34: Financial Instruments – continued**(c) Net Fair Values**

The net fair values of term debtors and government and fixed interest securities and bonds are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value.

The net fair values of listed investments have been valued at the quoted market bid price at balance date, adjusted for transaction costs expected to be incurred. For unlisted investments where there is no organised financial market the net fair value has been based on a reasonable estimation of the underlying net assets or discounted cash flows of the investment.

The net 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.

For other assets and other liabilities the net fair value approximates their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments, forward exchange contracts and interest rate swaps.

Financial assets where the carrying amount exceeds net fair values have not been written down as the economic entity intends to hold these assets to maturity.

Note 35: Segment Reporting

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Primary Reporting – Business Segment				
Sales				
- Innovative products division (IPD)	7,592,122	8,245,818	-	-
- Procedure kit division (PKD)	8,828,036	26,011	-	-
- Industrial design (CWP)	372,183	-	-	-
- Unallocated revenue	836,370	514,141	-	-
	17,628,711	8,785,970	-	-
Gross Profit				
- Innovative products division (IPD)	4,573,117	6,441,875	-	-
- Procedure kit division (PKD)	3,271,681	37,225	-	-
- Industrial design (CWP)	323,203	-	-	-
- Unallocated gross profit	836,373	514,141	-	-
	9,004,374	6,993,241	-	-
Carrying amount of segment assets				
- Innovative products division (IPD)	12,946,022	7,506,571	-	-
- Procedure kit division (PKD)	120,733	120,733	-	-
- Manufacturing division	4,996,809	3,785,469	-	-
- Intellectual property	1,006,202	1,246,994	-	-
- Unallocated assets	7,228,203	286,257	-	-
	32,082,079	12,946,024	-	-

Note 35: Segment Reporting – continued

	Consolidated		Parent Entity	
	2004	2003	2004	2003
	\$	\$	\$	\$
Depreciation & Amortisation				
- Innovative products division (IPD)	421,532	1,047,057	-	-
- Procedure kit division (PKD)	313,057	-	-	-
- Manufacturing division	287,607	-	-	-
- Intellectual property	138,965	-	-	-
- Unallocated depreciation and amortisation	41,854	-	-	-
	1,203,015	1,047,057	-	-
Primary Reporting – Geographical Segment				
Segment Revenue				
- Australia	10,176,841	248,290	-	-
- North America	3,942,858	5,546,189	-	-
- Europe	1,243,924	1,464,274	-	-
- Asia	559,493	857,994	-	-
- Other	1,705,595	155,082	-	-
	17,628,711	8,271,829	-	-
Carrying Amount of Segment Asset				
- Australia	27,020,443	9,269,825	-	-
- North America	37,271	46,159	-	-
- Europe	206,914	77,413	-	-
- Asia	4,817,451	3,552,627	-	-
	32,082,079	12,946,024	-	-
Acquisition of non-current Asset				
- Australia	6,839,819	2,014,684	-	-
- North America	6,925	-	-	-
- Europe	1,881	6,147	-	-
- Asia	487,611	633,674	-	-
	7,336,236	2,654,505	-	-
Segments Liabilities				
- Australia	4,821,859	3,050,499	-	-
- North America	81,183	19,759	-	-
- Europe	47,659	5,602	-	-
- Asia	2,169,824	2,341,915	-	-
	7,120,525	5,417,775	-	-

Note 36: Employee Benefits

Employee Share Option Arrangement

(i) On 23 October 2003, 3,000,000 share options were granted to employees in accordance with the Employee Share Option Plan to take up ordinary shares at an exercise price of \$0.60 each. The options are exercisable during the six week period commencing after the release of the company's financial result for the year ended 30 June 2004 to the ASX by way of Appendix 4E. The options hold no voting or dividend rights and are not transferable. At reporting date 49,000 options have lapsed. No other options could be exercised.

(ii) On 23 October 2003, 800,000 share options were granted to employees in accordance with the Employee Share Option Plan to take up ordinary shares at an exercise price of \$0.60 each. The options are exercisable during the six week period commencing after the release of the company's financial result for the year ended 30 June 2004 to the ASX by way of Appendix 4E. The options hold no voting or dividend rights and are not transferable. At reporting date no share option could be exercised.

The four (4) most highly remunerated officers of the company Tim McKinnon, Stephanie Norrell, David Laffar and Frank Kubik each hold 300,000 options as per (i) above and 200,000 options as per (ii) above.

(iii) On 23 October 2003, 500,000 share options were granted to the Executive Directors of ITL Limited in accordance with the Executive Share Option Plan to take up ordinary shares at an exercise price of \$0.65 each. The options are exercisable during the six week period commencing after the release of the ITL Group's audited consolidated financial result for the year ended 30 June 2005. The options hold no voting or dividend rights and are not transferable. At reporting date no share option could be exercised.

(iv) On 23 October 2003, 500,000 share options were granted to the Executive Directors of ITL Limited in accordance with the Executive Share Option Plan to take up ordinary shares at an exercise price of \$0.70 each. The options are exercisable during the six week period commencing after the release of the ITL Group's audited consolidated financial result for the year ended 30 June 2006. The options hold no voting or dividend rights and are not transferable. At reporting date no share option could be exercised.

The closing share market price of an ordinary share of ITL limited on the Australian Stock Exchange at 30 June 2004 was \$0.35.

	Consolidated	ITL
	2004	2004
	\$	\$

(a) Movement in the number of share options held are as follows

Opening balance	4,774,000	4,774,000
Lapsed during the period	23,000	23,000
Closing balance	4,751,000	4,751,000

(b) Details of share options outstanding as at end of year

Grant date	Expiry and exercise date	Exercise price	No	No
23 October 2003	See (i) above	\$0.60	2,951,000	2,951,000
23 October 2003	See (ii) above	\$0.60	800,000	800,000
23 October 2003	See (iii) above	\$0.65	500,000	500,000
23 October 2003	See (iv) above	\$0.65	500,000	500,000

Note 37: Company Details

The registered office and principal place of business is:

ITL Limited

Unit 6, 41-45 Tennant Street

Fyshwick ACT 2609

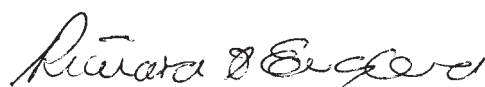
Australia

Directors' Declaration

The Directors of the company declare that:

1. The financial statements and notes, comprising the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Notes to the Financial Statements are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2004 and of the performance for the year ended on that date of the company and the economic entity;
2. 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.

This declaration is made in accordance with a resolution of the Board of Directors.



Director – Richard England



Director – Julian Gosse

Dated this 14th day of September 2004

Independent Audit Report



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Scope

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for ITL Limited (the company) and ITL Limited (the consolidated entity), for the year ended 30 June 2004. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and

assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Audit Opinion

In our opinion, the financial report of ITL Limited is in accordance with:

the *Corporations Act 2001*, including:

giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2004 and of their performance for the year ended on that date; and

complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and

other mandatory professional reporting requirements in Australia.

AB Papps

Registered Company Auditor

WalterTurnbull

Canberra, ACT

15 September, 2004

Shareholder Information

The shareholder information set out below was current at 31 August 2004.

There were 1,126 holders of ordinary shares in the Company. These shareholders held 99,614,000 ordinary shares. Of these, 49,614,000 ordinary shares were subject to voluntary escrow restrictions until 28 October 2004.

Distribution of Ordinary Shares

Analysis of ordinary shareholders by size of shareholding:

Ranges	Holders	Total Shares	%
1 - 1,000	12	9,187	0.01
1,001 - 5,000	183	637,427	0.64
5,001 - 10,000	226	2,003,531	2.01
10,001 - 100,000	626	21,417,957	21.50
100,001 - 99,999,999,999	79	75,545,898	75.84
Total	1,126	99,614,000	100.00

There were 26 holders of less than a marketable parcel of 1,851 ordinary shares.

On-Market Buy-Backs

There is no current on-market buy-back.

Unquoted Equity Securities

There were 46 option holders holding options to acquire 4,751,000 ordinary shares in the Company.

These options were distributed as follows:

Ranges	Holders	Total Options	%
5,001 - 10,000	20	148,000	3.12
10,001 - 100,000	14	528,000	11.11
100,001 - 99,999,999,999	12	4,075,000	85.77
Total	48	4,751,000	100.00

Substantial Holders

The following shareholders have notified that they are substantial shareholders of ITL Limited:

Shareholder	Number Of Shares	% held
Bilbo Holdings Pty Limited	22,055,000	22.14
Mandill Pty Limited	17,955,000	18.03
AMP Limited	6,714,498	6.74

Twenty Largest Shareholders

Shareholder	Number of ordinary shares held	% of issued ordinary capital
Bilbo Holdings Pty Limited	22,055,000	22.14
Mandill Pty Limited	17,955,000	18.03
M F Custodians Limited	4,650,293	4.67
AMP Life Limited	2,660,596	2.67
Cogent Nominees Pty Limited	2,538,522	2.55
National Nominees Limited	1,469,916	1.48
Equitas Nominees Pty Limited	1,280,000	1.29
Irish Global Equity Limited	1,180,000	1.19
Mutual Trust Limited	1,180,000	1.19
CBDF Pty Limited	1,180,000	1.19
Mr Chris Carr & Mrs Betsy Carr	817,047	0.82
Mr Frank Kubik	800,000	.80
Arton No 001 Pty Limited	750,000	.75
Ms Stephanie Norrell	680,000	.68
Mr David Laffar	680,000	.68
Talston Pty Limited <The Talston A/c>	660,000	.66
Dijon Nominees Pty Limited	590,000	0.59
Talston Pty Limited	590,000	0.59
Golden Words Pty Ltd	525,063	0.53
Charter Pacific Corporation Ltd	520,000	0.52
Total	62,761,437	62.90

Voting Rights

The voting rights attaching to each class of equity securities are:

Ordinary Shares:

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options:

No voting rights.

Corporate Directory

Directors

Richard England	Chairman
William Mobbs	Joint Managing Director
Dr Jagmohanbir Dillon	Joint Managing Director
Julian Gosse	Non-Executive Director

Company Secretary

Julian Gosse

Registered Office

Unit 6, 41- 45 Tennant St
Fyshwick ACT 2609
Ph: +61 2 6280 8535
Fax: +61 2 6280 8538
Internet: www.itl-limited.com

ASX Code

ITD

Share Registry

Registries Limited
Level 2
28 Margaret Street
SYDNEY NSW 2000
Shareholder Enquiries: (02) 9290 9600

Legal advisors

Watson Mangioni
Level 13, 50 Carrington St
Sydney NSW 2000
Ph: +61 2 9262 6666

Auditors

Walter Turnbull
44 Sydney Avenue
Barton ACT 2600
Ph: +61 2 6247 6200

Annual General Meeting

Date: 12 November, 2004
Time: 11.00am
Venue: Regatta Point
Commonwealth Park
Acton ACT



www.itl-limited.com