



Innovating Technologies for Life

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ITL ASX ANNOUNCEMENT

ITL LIMITED FINANCIAL RESULTS FOR HALF YEAR ENDED 31 DECEMBER 2009

- **Losses after tax \$916k – 87% improvement**
- **Operating cash flow up by 449% to \$2.4 million**
- **Revenue steady at \$21.5 million, on track for continued growth in second half**
- **Debt reduced by \$759k**

ITL Limited (ASX.ITD) has today announced its half-year financial results for the period ended 31 December 2009, reporting an overall improvement in its financial position and confidence it can achieve strong revenue and margin growth in the second half of the financial year.

The company reported an overall loss after tax of \$916k an improvement of 87 percent on the \$7.2 million loss reported at the same time last year. This was a result of a focus on more effective cost control management and operational efficiency gains.

The company also reported positive operating cash flow of \$2.4 million, an increase of 449 percent on last year's \$445k. Revenue remained steady at \$21.5 million, and total external debt reduced to \$10.1 million.

Improved inventory management, rationalisation of suppliers, new procurement practices and debt reduction has enabled cash flow to improve. Debt decreased by \$759k in the first half of the year and since this reporting period has been reduced further due to the sale of the company's property in Canberra which was finalised in January 2010. This will contribute to a further debt reduction of \$675k which will be accounted for in the full year financial results.

Revenue, while flat in these results, has been impacted by currency exchange rates and is now beginning to grow.

Brian Andrews, Managing Director of ITL Limited said the focus over the last year has been steering the company back towards sustainable, organic growth in parallel with improved governance and management of operating expenses.



“As announced at the AGM last year we have implemented an operational review that has focused on the fundamentals of the business to reduce costs, improve margins and remove debt; this has already started to have a positive impact on the financial stability and performance of the company.

“The improvements in the half year results for the company demonstrate that the restructures and reviews of the last twelve months have been effective. We can now concentrate on driving profitability and improved performance from all our divisions and we are confident we are progressing positively toward this goal,” Mr Andrews said.

Outlook for revenue growth

ITL said it expected to see revenue grow over the next six months, in particular in the Healthcare Australia business which in the first six months of the financial year achieved growth of 8.5 percent, reversing the trend of several years of decline. Additionally, the Healthcare South East Asia business has experienced sales growth and a reduction in inventories, resulting in a stronger overall financial performance in the past six months.

Mr Andrews noted that the lingering effects of the global financial crisis in the United States, and the strengthening of the Australian dollar against the U.S. dollar have impaired revenue growth within the company’s Innovative Products Group. In the U.S. corporate blood drives are a major contributor to collection volumes and with contraction in the corporate sector, blood collections in some areas have reduced as much as 12 percent, resulting in decreased use of blood collection ancillaries.

“We recognise that this is a significant risk factor and now have in place strategies to mitigate this through geographic diversification and the introduction of new products into unrelated market segments. Specifically the company has launched products into the veterinary and pathology markets.

“We are also protecting the revenue base of this business group by focusing on renewing contracts with existing customers. For example, as announced earlier this week we have secured a three year contract extension with the American Red Cross, a significant customer,” Mr Andrew said.

Explanation of prior period adjustments

The financial results include a prior period adjustment of \$6.0 million, following a thorough financial and operational review conducted by the new CFO and auditors PricewaterhouseCoopers. This was flagged to the market in ITL’s shareholder update in December 2009.



“The write down included values relating to aged inventory, intangible assets including goodwill and capitalised expenses applied in previous reporting periods which were identified in a thorough review by our new financial management and audit team.

“The decision to further write down assets was necessary to provide a true picture of the company’s value, allowing us to move forward with a clean balance sheet and a commitment to new financial reporting practices that ensure better transparency and consistency in reports,” Mr Andrews said.

ITL specialises in the design, manufacturing and marketing of blood collection, safety and ergonomic supplies, medical procedure kits and equipment that are sold globally. ITL's products have a presence in over 38 countries, and protect the lives and health of millions of healthcare workers. The company has three main business units: Innovative Products Group which supplies blood collection safety devices for the blood bank industry, Healthcare Australia which provides medical procedure packs and sterilisation services for public and private hospitals in Australia and Healthcare South East Asia which distributes medical equipment and surgical supplies in Asia.

ITL is committed to bringing products to market that consistently prove to be market leaders in safety, ergonomics and innovation. For more information on ITL Ltd and its award winning products, please visit www.itl-limited.com.

ITL (ASX: ITD, www.itl-limited.com) is a diversified healthcare company, specialising in innovative medical devices, procedure packs and medical equipment for global healthcare markets. ITL manufactures in Australia and Malaysia, and has sales offices in Australia, North America and Asia.