

Appendix 4D

ITL Limited and Controlled Entities

ABN 16 088 212 088

Half-yearly report

Six months ended 31 December 2008

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Results for announcement to the market

Comparison to six months ended 31 December 2007				\$A'000
Revenues from ordinary activities	Up	39%	To	21,829
Loss from ordinary activities after tax attributable to members	Down	381%	To	(1,936)
Net loss for the period attributable to members	Down	381%	To	(1,936)
Dividends		Amount per security		Franked amount per security
Final 2008 dividend		0.25 of a cent		0.25 of a cent
Interim 2009 dividend		Nil		Nil
Record date for determining entitlements to the dividend				N/A
Payment date for dividend				N/A
Commentary on results for the period				
Please refer to the attached Directors' Report for commentary.				

Dividends paid or proposed

	2009 \$A	2008 \$A
Final dividend paid during the year	0.25 of a cent	0.5 of a cent
Interim dividend paid during the year	Nil	Nil
Total dividends paid	0.25 of a cent	0.5 of a cent

Dividend reinvestment plan

The Company has a dividend reinvestment plan. Full details of this plan are disclosed in the Prospectus lodged with ASIC and ASX on 17 September 2003.

Earnings per security (EPS)

	31 December 2008	31 December 2007
Weighted average number or ordinary shares outstanding during the period used in the calculation of:		
(a) Basic EPS	131,645,386	123,338,662
(b) Diluted EPS	133,345,386	123,338,662
Earnings per security – basic	-\$0.015	-\$0.003
Earnings per security – diluted	-\$0.015	-\$0.003

Net tangible asset (NTA) backing

	31 December 2008 \$A	31 December 2007 \$A
Net tangible asset backing per ordinary security	0.136	0.145

Net asset backing

	31 December 2008 \$A	31 December 2007 \$A
Net asset backing per ordinary security	0.283	0.303

Entities over which control has been gained

The entity did not gain or lose control over any entity during the half-year.

Associates and joint ventures

The Company did not have any associates or joint venture partners during the half-year.



Julian Gosse
Director
27 February 2009

ITL Limited

ABN 16 088 212 088

Half Year Report 31 December 2008

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by ITL Limited during the interim reporting period and up to the date of this report in accordance with the continuous disclosure requirements of the Corporations Act 2001.

DIRECTORS' REPORT

Your Directors submit the financial report of the consolidated group for the half year ended 31 December 2008.

Directors

The names of Directors who held office during or since the end of the half year:

Non-executive directors:

Mr Julian Gosse (Chairman)

Mr Roy Rose (acted as CEO from 23 October 2008 to 5 January 2009)

Mr Michael Hirshorn (appointed on 23 October 2008)

Executive director:

Mr William Mobbs (resigned on 23 October 2008)

Review of operations

Revenue for the half year was \$21.8 million compared to \$15.7 million in 2007.

A number of restructure initiatives were implemented in the first half of the year to reduce ongoing overhead and operational expenses. This includes the relocation of the corporate head office from Canberra to the Healthcare facility at Chelsea Heights, effective from March 2009. The cost of these initiatives has been brought to account in the December results. Impairment of capitalised project costs was brought to account in the first half of the year.

Operating profit for the half year was \$694,388 (2007 \$77,702 profit), before one off restructure expenses of \$1,598,934, impairment expense of \$2,859,349, currency exchange gains of \$1,021,214 and net finance costs of \$289,155.

EBIT excluding one off restructure and impairment costs was \$1,750,139 (2007 \$19,500). Depreciation and amortisation costs were \$801,189 (2007 \$602,702) resulting in an EBITDA for the period of \$2,551,328 (2007 \$622,202).

The net loss after an income tax benefit of \$1,096,195 (2007 \$239,385 benefit) was \$1,935,641 (2007 \$402,633 loss).

Revenues from the innovative products division (IPD) were \$6.0 million, up from \$4.6 million in 2007. These sales were impacted by the weakening AUD against the USD from early October through to December, with the exchange rate moving from \$1AUD / .95 USD to \$1AUD / .62 USD. In local USD currency sales were flat. Revenues from the hospital supplies division (HSD) of \$15.7 million were up by \$4.9 million over 2007 due to increased sales in Malaysia resulting from small increases in capital project activity and the IVT acquisition. Australian revenues were down 8% to \$7.5 million (2007 \$8.2 million) as the business rebuilds customer confidence.

ITL is forecasting annual revenue of \$41 million to \$43 million. In the current economic climate the company will not provide year end profit forecasts.

Dividends Paid or Recommended

A dividend of quarter of a cent per share was paid on 16 October 2008; no interim dividend has been declared for the period ended 31 December 2008.

Rounding of Amounts

The consolidated group is one to which ASIC Class Order 98/100 applies. The consolidated group has chosen not to round to the nearest thousand dollars at this time.

ITL Limited and Controlled Entities
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Auditor's Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 4 for the half-year ended 31 December 2008.

This report is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'Julian Gosse', with a long horizontal flourish extending to the right.

Julian Gosse
Director

Dated this 27th day of February 2009



WALTERTURNBULL
your extra asset

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C
OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF
ITL LIMITED AND CONTROLLED ENTITIES**

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ABN 90 613 256 181

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2008 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

Stephen Holmes
Registered Company Auditor
WalterTurnbull

Canberra, ACT
27 February 2009

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ITL Limited and Controlled Entities
ABN 16 088 212 088

Consolidated Income Statement
For the half-year ended 31 December 2008

	Note	Consolidated Group	
		31 December 2008 \$	31 December 2007 \$
Revenues		21,829,457	15,695,873
Cost of Sales		(13,834,618)	(9,490,868)
Employee benefits expense		(4,296,374)	(3,353,111)
Depreciation and amortisation expense		(459,459)	(391,648)
Finance costs		(365,207)	(304,508)
Consultants		(249,303)	(150,730)
Legal expenses (including litigation – net)		(34,537)	-
Office expenses		(694,133)	(605,299)
Travel and accommodation		(560,125)	(429,470)
Communication and marketing		(522,419)	(372,461)
Accounting and audit		(145,576)	(124,613)
Business insurances expense		(66,262)	(91,997)
Regulatory and QA expense		(32,880)	(87,663)
Product related expenses		(94,487)	-
Other expenses		(68,843)	(262,569)
Currency gains/(losses)		1,021,214	(58,202)
Restructure expenses	2	(1,598,934)	(614,752)
Impairment of product development and tools	2	(2,859,349)	-
		<hr/>	<hr/>
Loss before income tax expense		(3,031,835)	(642,018)
		<hr/>	<hr/>
Income tax benefit/(expense)		1,096,195	239,385
		<hr/>	<hr/>
(Loss)/Profit attributable to ITL Limited's Shareholders		(1,935,640)	(402,633)
		<hr/>	<hr/>
Overall operations:			
Basic earnings per share (cents per share)		(1.5) cents	(0.3) cents
Diluted earnings per share (cents per share)		(1.5) cents	(0.3) cents

ITL Limited and Controlled Entities
ABN 16 088 212 088

Consolidated Balance Sheet

As at 31 December 2008

	Consolidated Group	
	31 December 2008	30 June 2008
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	2,991,526	3,446,015
Trade and other receivables	8,768,873	6,738,306
Inventories	11,926,861	9,361,301
Current tax assets	40,104	-
Other current assets	469,312	681,046
TOTAL CURRENT ASSETS	24,196,676	20,226,668
NON-CURRENT ASSETS		
Property, plant and equipment	10,515,626	9,608,115
Product development, tools	5,883,541	10,341,599
Intangible assets	17,265,197	17,239,412
Deferred tax assets	936,346	-
TOTAL NON-CURRENT ASSETS	34,600,710	37,189,126
TOTAL ASSETS	58,797,386	57,415,794
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	8,244,101	4,139,948
Financial liabilities	5,984,923	4,992,896
Current tax liabilities	-	40,502
Short-term provisions	499,219	591,284
TOTAL CURRENT LIABILITIES	14,728,243	9,764,630
NON-CURRENT LIABILITIES		
Financial liabilities	4,493,655	4,171,665
Deferred tax liabilities	2,563	184,807
Long-term provisions	55,428	65,990
Other non-current liabilities	2,244,167	4,311,983
TOTAL NON-CURRENT LIABILITIES	6,795,813	8,734,445
TOTAL LIABILITIES	21,524,056	18,499,075
NET ASSETS	37,273,330	38,916,719
EQUITY		
Issued capital	38,956,634	38,956,634
Reserves	(114,614)	(977,700)
Retained earnings	(1,568,690)	937,785
TOTAL EQUITY	37,273,330	38,916,719

The accompanying notes form part of these financial statements.

ITL Limited and Controlled Entities
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Consolidated Statement of Changes in Equity

	Note	Contributed Equity \$	Foreign Currency Translation Reserve \$	Asset Revaluation Reserve \$	Retained Profits \$	Total \$
Balance at 1 July 2007		38,024,014	(977,723)	416,277	793,863	38,256,431
Dividend reinvestment plan		132,620	-	-	-	132,620
Dividends paid	3	-	-	-	(616,061)	(616,061)
Loss attributable to ITL Limited's Shareholders		-	-	-	(402,633)	(402,633)
Adjustments from translation of foreign controlled entities		-	44,459	-	-	44,459
Balance at 31 December 2007		38,156,634	(933,264)	416,277	(224,831)	37,414,816
Balance at 1 January 2008		38,156,634	(933,264)	416,277	(224,831)	37,414,816
Shares issued during the year		800,000	-	-	-	800,000
Costs of capital raising		-	-	-	(3,650)	(3,650)
Revaluation increment		-	-	299,776	-	299,776
Profit attributable to ITL Limited's Shareholders		-	-	-	1,166,266	1,166,266
Adjustments from translation of foreign controlled entities		-	(760,489)	-	-	(760,489)
Balance at 30 June 2008		38,956,634	(1,693,753)	716,053	937,785	38,916,719
Balance at 1 July 2008		38,956,634	(1,693,753)	716,053	937,785	38,916,719
Prior year depreciation of product tools impaired	2	-	-	-	(241,720)	(241,720)
Dividends paid	3	-	-	-	(329,115)	(329,115)
Loss attributable to ITL Limited's Shareholders		-	-	-	(1,935,640)	(1,935,640)
Adjustments from translation of foreign controlled entities		-	863,086	-	-	863,086
Balance at 31 December 2008		38,956,634	(830,667)	716,053	(1,568,690)	37,273,330

ITL Limited and Controlled Entities
ABN 16 088 212 088

Consolidated Cash Flow Statement
For the half-year ended 31 December 2008

	Consolidated	
	31 December 2008	31 December 2007
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from grants and customers	22,105,011	16,237,599
Payments to suppliers	(14,313,592)	(12,759,084)
Payment of expenses and wages	(7,075,550)	(6,437,546)
Interest received	94,613	257,742
Borrowing costs	(365,207)	(304,508)
Income tax paid	-	(86,742)
Net cash provided by/(used in) operating activities	445,275	(3,092,539)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of issued securities	-	101,653
Payment for product development and tools	(595,884)	(1,300,128)
Payment for property, plant and equipment	(569,167)	(723,115)
Payment for patents and intellectual property	(82,625)	(16,029)
Payment for systems development	(124,607)	(354,115)
Net cash used in investing activities	(1,372,283)	(2,291,734)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of dividends	(329,115)	(483,441)
Proceeds from borrowings	196,516	2,102,004
Repayments of borrowings	(504,769)	(505,513)
Net cash (used in)/provided by financing activities	(637,368)	1,113,050
Net decrease in cash held	(1,564,376)	(4,271,223)
Cash at 1 July	(493,581)	6,583,294
Cash at 31 December	(2,057,957)	2,312,071

ITL Limited and Controlled Entities
ABN 16 088 212 088

Notes to the financial statements
For the half-year ended 31 December 2008

Note 1: Basis of Preparation

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 and any public announcements made by ITL Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the 30 June 2008 financial report.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

31 December 2008	31 December 2007
\$	\$

Note 2: Profit for the Period

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

Restructure expenses made to improve the future profitability of the consolidated group	1,598,934	614,752
Impairment of product tools and development	2,859,349	-
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Impairment of product tools and development includes \$273,016 of depreciation of product tools; of this amount \$241,720 relates to the 2007/08 financial year and has been disclosed on the Consolidated Statement of Changes in Equity as a prior year adjustment.

Note 3: Dividends

Recognised Amounts

A quarter cent (2007: half cent) fully franked ordinary dividend was paid during the six months to 31 December 2008 franked at the tax rate of 30% (2007: 30%)

329,115	616,061
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ITL Limited and Controlled Entities
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Notes to the financial statements
For the half-year ended 31 December 2008

	31 December 2008	31 December 2007
	\$	\$
Note 4: Segment Reporting		
Primary Reporting – Business Segment		
Revenue		
- Innovative products division (IPD)	5,994,352	4,618,722
- Hospital services division (HSD)	15,781,720	10,828,580
- Corporate and other	53,385	248,571
	21,829,457	15,695,873
Result		
- Innovative products division (IPD)	(1,372,524)	652,094
- Hospital services division (HSD)	(140,254)	65,593
- Corporate and other	(1,519,057)	(1,359,705)
Loss before income tax	(3,031,835)	(642,018)
- Tax benefit	1,096,195	239,385
	(1,935,640)	(402,633)

Note 5: Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting date.

Note 6: Events Subsequent to Reporting Date

There have been no material events subsequent to the end of the reporting date that have not been reflected in the financial statements for the half-year.

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 5 to 10 are in accordance with the Corporations Act 2001, including:
 - (i) complying with AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Julian Gosse
Director

Canberra, 27 February 2009



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ITL LIMITED AND CONTROLLED ENTITIES

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Report on the ITL Limited Half-Year Financial Report

We have reviewed the accompanying half-year financial report of ITL Limited and controlled entities (The Company), which comprises the balance sheet as at 31 December 2008 and the income statement, statement of changes in equity and cash flow statement for the period ended on that date, description of accounting policies, other selected explanatory notes and the declaration of those charged with governance.

Directors' Responsibility for the Half-Year Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of ITL Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ITL LIMITED AND CONTROLLED ENTITIES (continued)

Independence

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Stephen Holmes
Registered Company Auditor
WalterTurnbull

Canberra, ACT
27 February 2009

