



Innovating Technologies for Life

ITL Limited

ABN 16 088 212 088

Financial Statements For the year ended 30 June 2010

Corporate Directory

Directors

Mr Julian Gosse

Chairman

Mr Sanjay Sehgal

Mr William Mobbs

Interim CEO

Company Secretary

Ms Jennine McClure

Registered Office

Unit 1, 63 Wells Road

Chelsea Heights, VIC 3196

Telephone

(03) 8773 3050

Facsimile

(03) 8773 3059

Share Registry

Registries Limited

Level 7, 2017 Kent Street

Sydney, NSW 2000

General Enquires

1300 737 760

Facsimile

1300 653 459

Website

www.registries.com.au

Email

callcentre@registries.com.au

Auditor

PricewaterhouseCoopers

Darling Park Tower 2,

201 Sussex Street

Sydney, NSW 2000

2009/10

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Chairman's Message 2009/2010

The 2009/10 financial year has been a challenging one for companies globally. The aftermath of the Global Financial Crisis including volatile currency movements has created a difficult operating environment which has inhibited the growth ambitions of most companies.

Accordingly, the Board has been focussed on improving the fundamentals of the business in order to return the Group to profitability and build a firm foundation for future growth.

While financial results remain disappointing, this in part reflects the impact of restructuring initiatives and a conservative reassessment by the Board of the carrying value of all assets.

Good progress has been made with the sale of properties in excess of \$1 million and reduction in working capital, which in turn has reduced the Group's debt levels and improved liquidity. Ongoing cash management is critical to maintaining the Group's stable financial situation.

Management is also focussing significant efforts on improving operational efficiencies, strengthening purchasing and inventory management functions, and reducing expenses.

Since balance date, there have been major changes in the composition of the Board and senior management team. These have in part been instigated by major shareholders with my support and provide the basis for a fresh look at the Group's strategic direction. A major review is currently in progress and shareholders will be updated at the Annual General Meeting.

The Group's employees have worked hard and are dedicated to continuing the momentum built during the last year.

We enter the new financial year with increased confidence and a positive outlook that the Group has turned the corner and will provide improved results for shareholders going forward.

Company Profile

History

Over the years ITL has grown from a small privately owned research and development venture into a multi-million dollar, publicly listed company manufacturing and supplying products into the Australian and global healthcare markets.

ITL's growth has been realised through increased sales of the company's core products supplied into the global blood banking market and in recent years through the acquisition of established operating entities in Australia and Malaysia. The company now has a diverse portfolio of business spreading risk and opportunity across a broad range of products and markets.

Innovative Product Group

ITL aspires to protect healthcare clinical service providers through the development and production of a broad range of proprietary biological safety sampling devices. Our products enhance the safe collection of biological samples through functionality and design, preventing injury and contamination in the process. With an established track record in the development and supply of innovative patented safety devices. ITL produces devices that assist healthcare providers in obtaining a variety of biological samples with minimal risk of personal injury.

Innovative Products Manufacturing

Located in Ipoh Malaysia, ITL's manufacturing operations produce a portfolio of innovative biological safety sampling devices that are used in over 35 countries. Precision injection moulding tools are designed and developed in-house and in addition to the production of the company's proprietary products the facility also provides contract manufacturing services to ITL's OEM customers.

The company's infrastructure includes two Class 100,000 clean rooms, a Class 10,000 clean room, injecting moulding plant, mould tool manufacturing and a full laboratory. The facility is TUV accredited for CE marking and its Quality Management Systems ISO 13485: 2003 and ISO 14001: 2004.

Hospital Supplies

Malaysia Business Unit

Headquartered in Kuala Lumpur, ITL Healthcare South East Asia markets and distributes medical equipment, surgical instruments and consumables to over 160 hospitals throughout Malaysia, offering a broad portfolio of products representing world class medical device manufacturers.

Healthcare Australia

Formerly Surgicare, since acquisition in 2003/2004 the company has invested in creating a state of the art standalone operation with in-house ethylene oxide sterilisation capabilities and class 3000 clean room assembly facilities. Historically this operating unit's primary source of revenue has been derived from the production of a broad range of sterile medical procedure packs. More recently the business has diversified with an increasing percentage of sales being derived from standalone medical devices such as gowns and drapes, with the company this year launching its own brand of gowns and drapes under the Surgicare label.

Corporate Governance Statement

Overview:

The Board of Directors understands, promotes and is responsible for the good governance within the consolidated ITL group of companies.

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. In doing so, a philosophy and strategy of continuous improvement in governance performance is nurtured.

The Company's website www.itl-limited.com includes a Corporate Governance section which contains ITL's Code of Conduct, the Board Charter and the Audit & Risk Management Committee Charter.

1. Lay solid foundations for management and oversight

The Board is responsible for setting and reviewing the strategic direction of ITL and monitoring the implementation of that strategy by Executive Management, including:

- Corporate Governance of the Company
- promoting ethical and responsible decision making
- monitoring ITL's system of risk management and internal compliance and control
- monitoring legal compliance, safety and occupational health policies and corporate policies
- overseeing the ITL group of companies, including its control and accountability systems
- approving the annual operating budget and monitoring the operating and financial performance of ITL
- approving nominations of Directors to the Board and the appointment of key executives
- appointment and removal of the Chief Executive Officer and the Chief Financial Officer in addition to determining their remuneration
- monitoring the performance of the Chief Executive Officer and the Chief Financial Officer
- developing Board and Executive Management succession planning
- delegation of powers and authorities
- remuneration of auditors and the appointment or removal of auditors
- ensuring a clear relationship between performance and executive remuneration
- ensuring that Director's have a good understanding of the Company's business
- ensuring that the market and shareholders are fully informed of material development.

Directors receive formal letters of appointment setting out the key terms, conditions and expectations of their appointment.

The Board has established an Audit and Risk Management Committee (see 4). The responsibility for the day to day management of the Company has been delegated to the Chief Executive Officer, who is responsible for recommending strategy to the Board and leading the executive management team.

The performance of executives is measured against criteria agreed annually which is based on the forecast growth of ITL's profits and shareholder value. The policy is designed to attract the highest calibre executives and reward them for performance resulting in long-term growth in shareholder value.

Senior executives are assessed against key performance indicators as required. Performance evaluation was undertaken for senior executives during the current reporting period in accordance with the Company's senior executives' performance management framework.

Board Meetings:

During the 2009/2010 financial year, the Board met 12 times to review the Company's business activities and business plans. The Board also met with key executives to discuss ITL's key strategies.

2. Structure the Board to add value.

The Board considers that the Directors together have the range of skills, knowledge and experience necessary to enable them to effectively govern the business. The Directors' section of this website details the skills, experience and expertise of each Director, along with the period of office held by each individual.

During the financial year the board comprised of three Independent Directors and the Managing Director.

Julian Gosse	Chairman	Independent
Mike Hirshorn	Director	Independent
Roy Rose	Director	Independent
Brian Andrews	Managing Director	Non-Independent

Independence Status of Directors:

The Board considers each Director's independence on a case by case basis.

The Company provides the necessary resources for developing and updating the knowledge and capabilities of its Directors. With the approval of the Chairman, the Directors may seek independent professional advice, at the expense of the Company, on any matter connected with the discharge of their responsibilities. Details for each Director are contained in the Directors' section of this website.

Directors commit to the collective decision making processes of the Board. Each Director must ensure that no decision or action is taken that places their interests before the interests of the business.

The Company is not of sufficient size or complexity to warrant a nominations committee. The Board has a Director Nomination, Selection and Induction Policy, which allows for the Board to include the engagement of a search firm to find a Director with skills that complement those of the existing Board members.

Up to 30 June 2010 there had been no changes to the board. The following changes have occurred since 30 June 2010.

Mike Hirshorn	Non-executive Director	Resigned 10 August 2010
Brian Andrews	Managing Director	Resigned 18 August 2010
Roy Rose	Non-executive Director	Resigned 20 August 2010
William Mobbs	Executive Director/Interim CEO	Appointed 18 August 2010
Sanjay Sehgal	Non-executive Director	Appointed 18 August 2010

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The Board is satisfied that the Chairman and each of the non-executive Directors committed sufficient time during the year to the fulfilment of their duties as Directors of the Company. None of the non-executive Directors has any conflict of interest which has not been disclosed to the Board in accordance with ITL's constitution.

On appointment, individual Directors undergo an induction programme covering, amongst others:

- the business of the Company
- briefings from relevant executives
- opportunities to visit business operations.

3. Promote ethical and responsible decision making

This statement of Corporate Governance; together with the ITL's Code of Conduct, guide the Board and Management as to the practices necessary to maintain confidence in the Company's integrity and ethical practices. The Company has a Securities Dealing Policy which is designed to ensure proper dealing in ITL's securities.

4. Safeguard integrity in financial reporting

The Board has established an Audit Committee which also encompasses Risk Management.

The Audit Committee:

- consists only of non-executive Directors
- consists of a majority of independent Directors
- is chaired by an independent Chairman who is not the Chairman of the Board.

Because of the small size of the Board, the Committee comprises only two members:

Roy Rose	Chairman	Resigned August 2010
Sanjay Sehgal	Chairman	Appointed August 2010
Julian Gosse	Audit Committee Member	

The Audit Committee has a formal operating charter that can be found in the Corporate Governance Section of ITL's website. The Audit Committee meets at least four times each year.

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

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

The Chief Executive Officer and the Chief Financial Officer annually state in writing to the Board that the Company's financial statements present fairly in all material respects, and that the Company's financial condition and operational results are in accordance with the relevant accounting standards.

5. Make timely and balanced 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 ITL's website as soon as practicable after release to the ASX.

ITL Limited has an established Continuous Disclosure Policy to ensure compliance with ASX Listing Rule disclosure requirements. This includes a monthly confirmation by all Directors that they have complied with ITL's Continuous Disclosure Policy, together with an ongoing obligation to advise the Company Secretary of any material non-public information arising in between confirmations.

The Board encourages full participation of shareholders at the Annual General Meeting. The external auditor attends each Annual General Meeting and shareholders may ask any questions regarding the audit and report.

A summary of the Company's Continuous Disclosure Policy can be found in the Corporate Governance section of ITL's website.

6. Respect the rights of shareholders

ITL has a Communications Policy which promotes effective communication with shareholders and encourages participation at general meetings. The website's Corporate Governance section includes copies of policies, procedures and charters, which are designed to enable compliance with ASX corporate governance best practices.

ITL Limited makes all ASX announcements available via its website.

Sources of Communication

A. Company Website www.itl-limited.com

ITL's website contains comprehensive information about ITL, including shareholder communications.

All ASX announcements, relevant news releases and any other information that is an official release of material information to the market are placed on the website.

B. ASX Announcements

All communications with the ASX are in accordance with the ASX Listing Rules. The Company Secretary is responsible for communications with the ASX.

All ASX announcements are made immediately available on ITL's website following confirmation of receipt by the ASX.

C. Annual Report

The Annual Report contains key financial information about ITL, as well as important operating and corporate information.

All existing shareholders have the opportunity to be provided with a copy of the Annual Report. Electronic copies of the Annual Report are available via the ITL website.

Shareholders may also receive reports in an electronic format by contacting the Company Secretary.

D. General Meetings

Notices of general meetings and meeting agendas are first released to the ASX and then placed on the ITL website immediately following confirmation of receipt by the ASX. The notice of meeting is distributed to all shareholders prior to the AGM within the timeframe set by the Corporations Act.

The Company provides shareholders with explanatory notes that accompany the Agenda and Notice of Meeting.

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ITL understands that not all shareholders are able to attend the meeting. A proxy form, allowing shareholders to appoint a proxy in the event they cannot attend the AGM, accompanies the Notice of Meeting distributed to all shareholders and shareholders have the opportunity to vote online.

All presentations made at the meeting are placed immediately on the Company's website, following confirmation of receipt by the ASX.

Shareholders are encouraged to attend the Company's Annual General Meeting and may ask questions about ITL's governance and business.

The Company's auditor attends the AGM and is available to receive questions regarding the audit provided for under the Corporations Act.

E. Half-Year and Full-Year Results

The financial results for the half-year ended 31 December are reported in February each year. The financial results for the full-year ended 30 June are reported in August each year.

As the Half-Year and Full-Year Results are announced to the ASX pursuant to the Listing Rules, they are made available to shareholders in the same manner as other ASX Announcements (see ASX Announcements above).

7. Recognise and manage risk

The Board is accountable for ensuring that effective risk management and compliance systems are in place to protect the Company's assets, and to ensure that ITL operates within legal and regulatory compliance and within acceptable risk and internal control parameters. A formal Risk Management Policy and Plan was approved by the Board during the year, and is in the process of being implemented. This policy can be found in the Corporate Governance section of ITL's website.

The governing principles of the ITL Risk Management Policy are:

- that risk to ITL's facilities, operations and services are proactively managed
- that risk management practices (specified in the risk management standard, AS/NZS ISO 31000:2009 Risk Management Principles and Guidelines) form the basis for ITL's risk management
- that changes to any aspect of ITL's business are assessed for risk.

Risk is managed at multiple levels (corporate, business unit and project). Each risk has a nominated owner responsible for monitoring, treating and reporting on the risk under a specified review schedule.

Business unit heads provide monthly reports on high level risks to the Board. The Company's Audit and Risk Management committee reviews ITL's entire assessment of risk management every six months and provides a report to the Board.

Also, in accordance with Recommendation 7.3 of the ASX Principles, the Chief Executive Officer and the Chief Financial Officer make an annual written statement to the Board with respect to risk management and internal controls.

The Risk Management responsibilities have been encompassed in the role of the Audit Committee.

8. Remunerate fairly and responsibly

Due to the small size of the Company and the Board of Directors, ITL does not have a Remuneration Committee. The Remuneration Policy, which sets out the terms and conditions for the Chief Executive Officer and other senior executives, was approved by the Board after seeking professional advice from an independent consultant.

The Board reviews executive packages annually by reference to the Company's performance and executive performance. Comparable information from industry sectors and other listed companies, as well as independent advice, are also taken into account.

The performance of executives is measured against criteria agreed annually which is based on the forecast growth of ITL's profits and shareholders' value.

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Executives are also entitled to participate in employee share option arrangements. Following recent proposed changes to the taxation treatment of such options, these arrangements are currently under review. However, the Board is committed to ensuring that an appropriate long term incentive program is in place to align senior management to the long term goals of the Company.

The amount of remuneration for all directors and key management personnel, including all monetary and non-monetary components, are detailed in the notes to the financial statements available for viewing at ITL's website. All remuneration paid to executives is valued at the cost to the Company and expensed. Options are valued using the Black-Scholes methodology.

The payment of short and long term incentives is reviewed by the Board annually as part of the review of executive remuneration. All incentive payments are linked to predetermined performance criteria. The Board can exercise its discretion in relation to approving incentives, bonuses and options.

Directors' Report

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2010.

Directors

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

Non-executive directors:

Mr Julian Gosse (Chairman)
Mr Sanjay Sehgal (Appointed 18 August 2010)
Mr Roy Rose (Resigned 20 August 2010)
Dr Mike Hirshorn (Resigned 10 August 2010)

Executive directors:

Mr Brian Andrews (Resigned 18 August 2010)
Mr William Mobbs (Appointed 18 August 2010) Interim CEO

Principal Activities

The principal activities of ITL during the financial year were:

- Development, manufacture, distribution and sale of innovative medical devices
- Manufacture, distribution and sale of medical procedure packs
- Sale and service of medical equipment and instruments.

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

Dividends Paid or Recommended

Dividends paid to members during the financial year were as follows: Nil

Operating Results

The consolidated loss of the group after providing for an income tax benefit of \$1.139 million was \$12.861 million. The tax payable on the result will vary significantly from the above amount due to the differences between tax expense calculated under International Financial Reporting Standards (IFRS) and taxable income as calculated under the Income Tax legislation in the countries in which ITL operates. A reconciliation of income tax is shown in note 5 of the attached notes to the financial statements.

Review of Operations

Group revenue declined by 6.4% from \$43.7 million to \$40.9 million with stronger sales by Healthcare Australia offset by lower sales in the Innovative Products Group and Healthcare South East Asia.

Group loss from operating activities before tax (excluding non-recurring expenses of goodwill impairment, restructure expenses and loss on sale of property) of \$2.4 million was above the loss of \$1.7 million experienced in 2009.

Group EBITDA (excluding the above non-recurring expenses) was a profit of \$1.1 million compared with a prior year profit of \$1.6 million.

Reconciliation between loss before income tax and EBITDA is as follows:

	2010	2009
	\$'000	\$'000
Loss before income tax	(14,000)	(11,677)
Non-recurring expenses	11,625	10,016
Depreciation and amortisation expense	2,747	2,665
Interest expense	745	696
Interest revenue	(33)	(95)
	<u>1,084</u>	<u>1,605</u>

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During the year, the Company pursued a number of restructuring initiatives and strategies including:

- the closure of the Sydney based Innovation and Commercialisation Group with future design and development work to be outsourced; and
- the sale of surplus land and buildings at Chemor in Malaysia.

In addition, as a result of an assessment of the carrying value of the Group's goodwill, it was determined that all goodwill on the statement of financial position had been impaired and accordingly, was expensed in the statement of comprehensive income.

The Australian Healthcare business achieved revenues of \$16.8m, which represented growth of 16% over the prior year and was the first year of positive growth after several years of decline. The Melbourne facility has capacity to cope with considerably more volume activity and opportunities are being pursued to reach a position of sustainable profitability. There is a strong focus on reducing the cost of key inputs such as raw materials, warehousing and distribution.

The Malaysian Healthcare business has been focused on consolidating suppliers and reducing working capital. Strategic divestiture of agencies has contributed to the 13% revenue decline but positioned the business to better focus on its selected target market segments of orthopaedics, obstetrics, gynaecology and critical care. New agency opportunities are being pursued that complement existing products and target markets.

The Innovative Products business manufactures at the company's Malaysian facilities located in Ipoh with the bulk of sales occurring at a B2B level where ITL products are incorporated into blood collection systems. The majority of sales are derived through US based blood bag suppliers. The last year was very challenging with the continued recession in the United States which resulted in a reduction in blood collections and consolidation in the industry. Sales were adversely impacted by the cessation of sales to a major customer who was realizing an overstock situation that has now been resolved, resulting in the resumption of sales. As part of our diversification strategy, a product designed for blood collection from various livestock was launched and is creating considerable interest in the animal health market.

While the financial year has been disappointing, the focus on fundamentals such as working capital management, debt reduction, expense control and operational efficiency has resulted in improvements to the Group's balance sheet. This provides a sound basis to position the Group for new product development and future growth in target markets.

Operating cash inflow for the year ended June 2010 was \$1.4m compared with the prior year breakeven outcome.

Financial Position

The net assets of the consolidated group have decreased from \$27.4 million at 30 June 2009 to \$14.6 million at 30 June 2010. This decrease has largely resulted from the impairment of the entire Group's goodwill.

Net tangible asset backing per share was 8.2 cents at 30 June 2010 (10.8 cents at 30 June 2009).

The group's working capital, being current assets less current liabilities, has decreased by \$2.3 million to \$2.8 million, with the current ratio at 1.1 times (30 June 2009 : 1.3 times).

Interest bearing debt has reduced from \$10.8 million to \$10.1 million and cash balances have increased from \$2.5 million to \$3.1 million.

The Directors believe the Group is in a stable financial position to continue to grow its current operations.

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Significant Changes in State of Affairs

Significant changes in the state of affairs of the group during the financial year were as follows:

	2010
	\$'000
Impairment Goodwill and other Assets	11,221
Restructuring Expenses	334
Loss on Sale of Surplus Land and Building in Malaysia	70
	11,625

Events After Balance Date

During July 2010, the company received Malaysian government approval to sell its remaining two parcels of land held in Chemor Malaysia. Settlement occurred for one lot in August with the net sale proceeds of \$270 thousand applied towards retiring Bank debt within Malaysia. Negotiations for the sale of the final lot for approximately \$160 thousand are nearing completion.

During August 2010, Dr Mike Hirshorn, Mr Roy Rose and Mr Brian Andrews resigned as Directors. Mr Bill Mobbs and Mr Sanjay Sehgal were appointed as Directors on 18 August 2010.

Mr Bill Mobbs will act as Interim Managing Director and Chief Executive Officer effective 18 August 2010 following the departure of Mr Brian Andrews.

A major strategic and operational review is currently in progress and shareholders will be updated at the company's annual general meeting.

A subsidiary of ITL Ltd, ITL Healthcare SEA Sdn Bhd, exceeded its maximum gearing ratio permitted under its borrowing facilities with United Overseas Bank at 30 June 2010. The Bank has not issued a notice of default and is working with the Company to resolve the issue (refer to Note 1(v)).

In addition, at 30 June 2010 ITL Healthcare Pty has loan facilities totalling \$2,500thousand with Bendigo and Adelaide Bank Limited ("Bendigo") drawn down to the amount of \$2,301thousand. This facility formally expired on 16 October 2009 and Bendigo extended the facilities to 1 March 2010. Since then, the facilities have continued to be available. The Company is holding continuing discussions with Bendigo to alter the composition of the facility going forward.

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

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

Future Developments, Prospects and Business Strategies

The ITL group has three autonomous business units which operate in different geographic regions with different product groupings to take advantage of these markets. Each business unit has been working on a pipeline of opportunities which are expected to lead to significant growth in the future. ITL believes that it has the infrastructure and resources to support this growth.

Quality and Environment

ITL's quality management systems for its Australian and Malaysian manufacturing facilities are certified to the ISO 13485:2003. In addition the Group's Malaysian manufacturing facility is certified to the Environmental Management System ISO 14001:2004. The consolidated group is subject to the environmental laws of the countries in which they operate.

The management of environmental risks and compliance with environmental laws is regarded as a key issue. The company monitors compliance with existing and new environmental regulations as they come into force.

The directors are not aware of any significant breaches of environmental regulations during the financial year.

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Information on Directors

Julian Gosse	-	Chairman (Non-executive) Age 61
Experience and Directorships held in other listed entities	-	Board member since 2003, appointed Chairman 1 January 2005. Mr Gosse has extensive experience in banking and broking both in Australia and overseas having worked in London for Rowe and Pitman, in the United States for Janney Montgomery and Scott and in Canada for Wood Gundy. He is a non-executive Director of: Australian Leaders Fund Limited since 2003; Wilson Investment Fund Limited since 2003; Clime Capital Limited since 2003; and Iron Road since March 2009 (Chairman). During the past three years was a Director of: Mariner Wealth Limited to 2006; Northern Crest Investment Limited since March 2006 and Chairman since November 2006 (Resigned 2008)
Interest in Shares and Options	-	Shares: 1,050,000 Options: Nil
Special Responsibilities	-	Member of Audit and Risk Management Committee

Roy Rose (Resigned 20 August 2010)	-	Non-executive Director (from April 2007 to September 2007 was an executive director acting as General Manager of ITL Healthcare Pty Ltd a wholly owned subsidiary of ITL Limited and from October 2008 to January 2009 was an executive director acting as Chief Executive Officer of ITL Limited) Age 63
Qualifications	-	Bachelor of Science (Chemistry), Member of Australian Institute of Company Directors
Experience and Directorships held in other listed entities	-	Board member since 1 September 2005. Mr Rose is a chemist and has 30 years experience specialising in general management, operations/production management, international sales and marketing, technology management and corporate governance within many roles at Orica Limited (formally ICI Australia). He is Chair of the CSIRO Future Manufacturing Flagship Advisory Committee, a past President of the Australasian Industrial Research Group He is a non-executive Director of: Ceramic Fuel Cells Ltd
Interest in Shares and Options	-	Shares: 650,444 Options: Nil
Special Responsibilities	-	Chair of Audit and Risk Management Committee

Mike Hirshorn (Resigned 10 August 2010)	-	Non-executive Director Age 60
Qualifications	-	M.B.A (Macq.) M.B., B.S (Melb.) FFin
Experience and Directorships held in other listed entities	-	Mike has a 30 year career of founding, building, managing and investing in technology companies. These include Cochlear in which he was a founder and CEO and Resmed in which he was a founding Director. Mike has significant international management expertise in all operational areas from manufacturing to research and development, intellectual property, worldwide marketing and sales, regulatory affairs, government relations, business development and developing strategic alliances with major multinationals. In 1988 he won BRW Businessman of the Year (Technology) for establishing Cochlear in the US Europe and Japan and in 2004 Mike was awarded an Order of Australia Medal for his work in commercialising medical technology. He is a non executive director of: Biotron Limited; TGR Bio Sciences Pty Ltd; Four Hats Capital Pty Ltd; AVCAL and Dynamic Hearing Pty Ltd. Mike is Chairman of Cochlear Foundations Pty Ltd.
Interest in Shares and Options	-	Shares: Nil Options: Nil

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Brian Andrews	-	Managing Director (Appointed 3 August 2009) Age 51
(Resigned 18 August 2010)		
Qualifications	-	MBA, BA Bus, BSc
Experience and Directorships held in other listed entities	-	Mr Andrews' commercial background includes over twenty years experience in the medical devices arena where he has successfully marketed a broad range of technologies ranging from in vitro diagnostics to high technology capital equipment. During his career Mr Andrews has held a number of senior sales, marketing and operational roles encompassing sales and sales management, product and marketing management, new product development and the global commercialisation of new products and technologies. Mr Andrews holds the degrees of Bachelor of Science, Bachelor of Business, majoring in marketing, and a MBA from Monash University.
Interest in Shares and Options	-	Shares: Nil Options: Nil

William Mobbs	-	Director Age 51
Qualifications	-	MBA, BSc, FAICD
Experience and Directorships held in other listed entities	-	Mr Mobbs is a co-founder of the ITL Group and brings over 16 years experience in the medical and healthcare industry. Mr Mobbs has invented many new concepts for a range of innovative medical products and holds many patents. Mr Mobbs was a board member from 1999 to 2008. He was joint Managing Director to 27 October 2004 then sole Managing Director and Chief Executive Officer until October 2008. Mr Mobbs is the Chairman of Seeing Machines Limited and Admin Bandit. He is a director of Connexion Business Solutions and National Health Sciences Centre as well as being a Committee member of the TGA Committee.
Interest in Shares and Options	-	Shares: 23,822,319 Options: Nil
Special Responsibilities	-	Interim Chief Executive Officer

Sanjay Sehgal	-	Director (Non-executive) Age 46
Experience and Directorships held in other listed entities	-	Sanjay Sehgal is a founder and Managing Partner & CEO of East West Capital Partners, a healthcare-focused private equity firm based out of Singapore, Malaysia, India and London. Prior to EWCP, Sanjay was a Partner and member of the investment committee at Symphony Capital Partners (Asia) (f.k.a Schroder Capital Partners) which managed in excess of US\$860 million. Sanjay has served as the elected Hon. Treasurer and Hon. Secretary of the Singapore Venture Capital and Private Equity Association. Sanjay obtained his B.Tech degree in Electrical Engineering from the Indian Institute of Technology, Bombay and his Master of Science (M.S.) from Columbia University, New York. He received his MBA, with distinction, in finance and multinational management from The Wharton School of the University of Pennsylvania.
Interest in Shares and Options	-	Shares: 3,200,461 Options: Nil
Special Responsibilities	-	Chairman of Audit and Risk Management Committee

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Company Secretary

The Company Secretary, at the end of the financial year, is Ms Jennine McClure. Jennine joined ITL in March 2009, prior to which she was with Eyecare Partners, responsible for acquisition integration and management of services provided to optometry practices in the group. Jennine also held the role of Company Secretary with Eyecare Partners for a period of 6 months. She holds a Certificate in Governance Practice and Administration.

Directors' Meetings

During the financial year 15 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit & Risk Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Julian Gosse	12	12	3	3
Roy Rose	12	12	3	3
Mike Hirshorn	12	12	0	0
Brian Andrews	12	11	0	0

Remuneration Report

This report details the nature and amount of remuneration for each director of ITL Limited, and for the executives receiving the highest remuneration.

Remuneration Policy

The remuneration policy of ITL Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering short and long-term incentives based on key performance areas affecting the consolidated group's financial results. The board of ITL Limited believes the remuneration policy is appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the consolidated group, as well as create goal congruence between the directors, executives and shareholders.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the consolidated group is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed and approved by the board after seeking professional advice from independent external consultants.
- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits (where stated), performance incentives and are eligible to participate in the share option plan program.
- The board reviews executive packages annually by reference to the consolidated group's performance, executive performance and comparable information from industry sectors.

The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the criteria of the consolidated group's profits and shareholders' value. All bonuses and incentives are linked to predetermined performance criteria. The board may, however, exercise its discretion in relation to approving incentives, bonuses and options. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the Executive Share Option Plan.

The Australian executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9% and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the company and expensed.

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The board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the consolidated group. However, to align directors' interests with shareholder interests, the director's are encouraged to hold shares in the company. The Managing Director is able to participate in future share option plan programs, when offered by the Company.

Performance Based Remuneration

As part of each executive director and executives remuneration package there is a performance based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between directors/executives with that of the business and shareholders. The KPIs are set annually, with a certain level of consultation with directors/executives to ensure buy-in. The measures are specifically tailored to the areas each director/executive is involved in and has a level of control over. The KPIs target areas the board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budget figures for the group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the board in the light of the desired and actual outcomes, and their efficiency is assured in relation to the group's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, ITL Limited bases the assessment on audited figures, however, where the KPI involves comparison of the group or a division within the group to the market, independent reports are obtained. In certain exceptional circumstances, the board may take account of other factors impacting on the year's results as well as the extent to which other business objectives have been achieved.

Executives were eligible to earn short term incentive bonuses of between 20% and 30% of total fixed remuneration. The Managing Director was eligible to earn a 30% short term incentive bonus. Bonuses in respect of any year are paid early in the next year following the finalisation of the audited accounts. Bonuses are ultimately dependent on performance of the consolidated group and are at the discretion of the Board.

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

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives.

The following table shows the gross revenue, EBITDA*, profits, share price and dividends for the last three years for the listed entity.

	2007	2008	2009	2010
Revenue	\$35.3m	\$38.7m	\$43.8m	\$40.9m
EBITDA*	\$1.5m	\$1.8m	\$1.7m	\$1.1m
Net Profit/(loss)	\$1.7m	\$0.5m	(\$11.9m)	(\$12.9m)
Share Price at year-end	\$0.375	\$0.10	\$0.075	\$0.057
Dividends Paid (per share)	\$0.015	\$0.005	Nil	Nil

** Earnings before interest, tax, depreciation and amortisation (also excludes capitalised expenses and certain non-recurring expenses not relevant to the operations of the business)*

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Key Management Personnel Remuneration

The remuneration for each director and the key management personnel of the consolidated and parent entities considered key to the operations during the year are listed in the table below. The following people are considered to be key management personnel of the parent and consolidated entities: Greg Lewis (CFO resigned 24/9/09 and Company Secretary resigned 15/9/09), Angelo Tsagarakis (CFO appointed 30/11/09 resigned 19/8/10), Dato Foo Chee Kim (VP Healthcare SEA), Stephanie Norrell (VP Sales and Marketing ITLNA), Jennine McClure (Company Secretary appointed 15/9/09 and Human Resources Manager) and Narinder Kanda (VP Manufacturing ITLAP).

2010:	Salary, and Commissions	Directors Fees	Super-annuation Contribution	Performance based Bonus	Non-cash Benefits	Allowances	Total
	\$		\$	\$	\$	\$	\$
Directors							
Julian Gosse >	-	125,000	-	-	-	-	125,000
Roy Rose *	-	39,283	25,717	-	-	-	65,000
Mike Hirshorn ***	-	55,046	4,954	-	-	-	60,000
Brian Andrews ****>	307,695	-	28,555	-	-	-	336,250
Total	307,695	219,329	59,226	-	-	-	586,250

Key Management Personnel

Greg Lewis ^>	108,456	-	9,224	-	-	17,455	135,135
Angelo Tsagarakis ^>	113,352	-	14,652	-	-	-	128,004
Dato Foo Chee Kim #^	160,054	-	19,206	-	-	20,209	199,469
Stephanie Norrell #^	235,867	-	4,545	-	10,909	-	251,321
Jennine McClure >	81,270	-	7,314	-	-	-	88,584
Narinder Kanda #^	189,575	-	36,055	-	-	4,730	230,360
Total	888,574	-	90,996	-	10,909	42,394	1,032,873

2009:	Salary, and Commissions	Directors Fees	Super-annuation Contribution	Performance based Bonus	Non-cash Benefits	Allowances	Total
	\$		\$	\$	\$	\$	\$
Directors							
Julian Gosse >	-	125,000	-	-	-	-	125,000
Roy Rose *>	-	19,878	100,506	-	-	-	120,384
Mike Hirshorn	-	-	41,847	-	-	-	41,847
Bill Mobbs **>	765,275	16,667	8,725	-	-	-	790,667
Total	765,275	161,545	151,078	-	-	-	1,077,897

Key Management Personnel

Brian Andrews >	130,973	-	12,290	-	-	-	143,263
Greg Lewis ^>	175,483	-	18,991	-	-	35,526	230,000
Tony Irvine ^	171,387	-	15,688	10,000	-	-	197,075
Dato Foo Chee Kim #^	183,929	-	22,072	-	-	23,734	229,735
Stephanie Norrell #^	272,072	-	8,162	40,811	-	13,059	334,104
Craig Wilson ^	134,376	-	13,624	32,550	-	15,000	195,550
Narinder Kanda #^	211,857	-	46,793	34,152	-	5,183	297,985
Total	1,280,077	-	137,620	117,513	-	92,502	1,627,712

* Roy Rose was acting as CEO from 24/10/08 until 5/01/09. Roy Rose resigned as a director on 20/8/10.

** Includes accumulated long service and annual leave entitlements.

*** Mike Hirshorn resigned as a director on 10/8/10.

**** Brian Andrews resigned as a director on 20/8/10.

^ Denotes one of the 5 highest paid executives of the consolidated entity, as required to be disclosed under the *Corporations Act 2001*.

> Denotes one of the 5 highest paid executives of the parent entity, as required to be disclosed under the *Corporations Act 2001*.

These are Australian dollar equivalents of payments in foreign currencies based on the average exchange rate for the year. Performance based bonus payments relate to the previous year's performance.

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Performance Income as a Proportion of Total Remuneration

Executive directors and executives are paid performance based bonuses on proportions of their salary. The board has set these bonuses to encourage achievement of specific goals that have been given a high level of importance in relation to the future growth and profitability of the consolidated group. Refer to 'Performance Based Remuneration' earlier in the Remuneration Report.

The board will review the performance bonuses to gauge their effectiveness against achievement of the set goals, and adjust future years' incentives as they see fit to ensure use of the most cost effective and efficient methods.

The Group does allow some of its employees to participate in an incentive program, which provides for a maximum of 30% of the employees base salary to be provided as an incentive. However, all Incentive payments are subject to individual contribution and organisational performance and hence are subject to change.

Options Issued as Part of Remuneration for the Year Ended 30 June 2010

Options, as part of the employee share option plan, are issued to executives as part of their remuneration during the year. When issued, options are not issued based on performance criteria, but are issued to all executives of ITL Limited to increase goal congruence between executives and shareholders.

Options granted to key management personnel during the financial year or unexercised at the end of the financial year are listed below (for terms and conditions see note 31):

Key Management Personnel	Balance 1/7/2009	Granted as Compensation	Options Exercised	Net Change Other*	Balance 30/6/10	Total Vested	Total Exercisable 30/6/10	Total Un-exercisable 30/6/10
Tony Irvine	150,000	-	-	-150,000	-	-	-	-
Greg Lewis	400,000	-	-	-400,000	-	-	-	-
Dato Foo Chee Kim	150,000	-	-	-	150,000	-	-	150,000
Stephanie Norrell	150,000	-	-	-	150,000	-	-	150,000
Craig Wilson	150,000	-	-	-	150,000	-	-	150,000
Narinder Kanda	400,000	-	-	-	400,000	-	-	400,000
Brian Andrews	1,000,000	-	-	-1,000,000	-	-	-	-
	2,400,000	-	-	-1,550,000	850,000	-	-	850,000

*Options lapsed during the year due to personnel resignations:

Key Management Personnel	Lapsed Options	Value of Lapsed Options (\$)
Tony Irvine	150,000	9,300
Greg Lewis	400,000	24,800
Brian Andrews	1,000,000	62,000
	1,550,000	96,100

	2010	Weighted Average Price	2009	Weighted Average Price
	No.	\$	No.	\$
Opening balance	2,400,000	0.21	1,700,000	0.22
Granted during the year	-	-	1,000,000	0.20
Exercised during the year	-	-	-	-
Lapsed during the year	-1,550,000	-	-300,000	-
Closing balance	850,000	0.23	2,400,000	0.21

There were no options exercised during the year. The options outstanding at 30 June 2010 had a weighted average exercise price of \$0.23 (2009: \$0.21) and a weighted average remaining contractual life of 1.62 years. Exercise prices range from \$0.20 to \$0.3675 in respect of options outstanding at 30 June 2010. There were no options granted during the year (weighted average fair value of the options granted during 2009 was \$0.20).

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Employment Contracts of Directors and Senior Executives

The employment conditions of the Managing Director Mr Brian Andrews and senior executives are formalised in contracts of employment.

Name	Term of Agreement	Base Salary Including Superannuation	Termination Benefit
Brian Andrews (Managing Director)	Ongoing Contract Commenced 5/1/2009 and terminates 18 Feb 2011	\$300,000 + \$50,000 Increase effective 3 August 2009*	6 months base salary
Dato Foo Chee Kim	3.5 years Expiring 31 Dec 2011	\$199,469	6 months base salary
All other executives are permanent employees of ITL Limited.			1 month base salary

*Mr Andrews received a \$50,000 salary increase upon appointment as a director. His salary on page 16 is inclusive of the \$50,000 increase pro rata.

The company may terminate an employee contract without cause by providing written notice or making payment in lieu of notice, based on the individual's annual fixed salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the company can terminate employment at any time. Any options not exercised before or on the date of termination will lapse.

Indemnifying Directors and Officers

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:

The company has entered into Deeds of Access and Indemnity with all Directors and Officers. The group indemnifies each Director, maintains an insurance policy in favour of each Director and grants access to the records of the company.

The company has paid premiums to insure all of the Directors and Officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director or Officer of the company or its subsidiaries, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium was \$66,668 for all Directors and Officers.

Options

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

Grant Date	Date of Expiry	Exercise Price	Number under Option
23 May 2008	30 Sep 2011	\$0.3675	150,000
23 May 2008	28 May 2011	\$0.20	150,000
23 May 2008	22 May 2012	\$0.20	550,000
5 Jan 2009	13 Jan 2012	\$0.20	-
			850,000

No share options were exercised during the year ended 30 June 2010.

Proceedings on Behalf of Company

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

ITL Limited and Controlled Entities

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Non-Audit Services

The board of directors, in accordance with advice from the audit and risk committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit and risk committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

No non-audit services were provided by the external auditors during the year ended 30 June 2010.

Auditor's Independence Declaration

The lead auditor's independence declaration by the auditor under section 307C of the *Corporations Act 2001* for the year ended 30 June 2010 has been received and is reproduced immediately following the Directors' Report.

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.

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



Julian Gosse
Director

Dated this 6th day of October 2010

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999
www.pwc.com/au

Auditor's Independence Declaration

As lead auditor for the audit of ITL Limited and the entities that it controlled for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

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



Manoj Santiago
Partner
PricewaterhouseCoopers

Sydney
5 October 2010

ITL Limited and Controlled Entities
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Consolidated Statement of Comprehensive Income
for the year ended 30 June 2010

	Note	2010 \$000's	2009 \$000's (restated)
Revenue	2	40,855	43,657
Raw Materials and Consumables used	3	(27,069)	(27,770)
Changes in Inventories of FG and WIP	3	2,009	(1,128)
Gross Profit		15,795	14,759
Other income		495	171
Salaries and employee benefits expense		(10,800)	(8,985)
Depreciation and amortisation expense	3	(1,820)	(1,893)
Finance costs	3	(745)	(696)
Premises and office expenses		(1,918)	(1,620)
Other expenses from ordinary activities		(3,382)	(3,397)
(Loss)/Profit before impairment, restructuring expenses and loss on sale of surplus land and buildings in Malaysia		(2,375)	(1,661)
Impairment of assets	3	(11,221)	(6,836)
Restructuring expenses	3	(334)	(3,180)
Loss on sale of surplus land and buildings in Malaysia		(70)	-
Loss before income tax expense		(14,000)	(11,677)
Income tax benefit/(expense)	5	1,139	(186)
Loss for the year		(12,861)	(11,863)
Other Comprehensive Income			
Exchange differences on translating foreign operations		66	505
Decrease in asset revaluation reserve		(3)	(378)
Other comprehensive income for the year, net of tax		63	127
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(12,798)	(11,736)
Loss attributable to members of the parent		(12,861)	(11,863)
Total comprehensive income attributable to members of the parent		(12,798)	(11,736)
Basic loss per share (cents per share)	8	(9.72) cents	(8.91) cents
Diluted loss per share (cents per share)	8	(9.72) cents	(8.91) cents

The accompanying notes form part of these financial statements

ITL Limited and Controlled Entities
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Consolidated Statement of Financial Position
as at 30 June 2010

	Note	2010 \$000's	2009 \$000's (restated)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	3,107	2,493
Trade and other receivables	10	8,047	7,585
Inventories	11	11,256	10,669
Current tax assets	18	305	193
Other current assets	12	678	1,048
TOTAL CURRENT ASSETS		23,393	21,988
NON-CURRENT ASSETS			
Property, plant and equipment	13	7,040	8,814
Product tooling and equipment	14	1,868	2,612
Intangible assets	15	2,104	12,673
Deferred tax assets	18	1,677	534
TOTAL NON-CURRENT ASSETS		12,689	24,633
TOTAL ASSETS		36,082	46,621
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	10,383	7,608
Borrowings	17	9,579	8,671
Current tax liabilities	18	-	2
Short-term provisions	19	671	578
TOTAL CURRENT LIABILITIES		20,633	16,859
NON-CURRENT LIABILITIES			
Borrowings	17	478	2,172
Long-term provisions	19	361	174
TOTAL NON-CURRENT LIABILITIES		839	2,346
TOTAL LIABILITIES		21,472	19,205
NET ASSETS		14,610	27,416
EQUITY			
Issued capital	20	38,957	38,957
Foreign currency translation reserve	21	(1,123)	(1,189)
Options reserve	21	42	50
Asset revaluation reserve	21	335	338
Retained earnings		(23,601)	(10,740)
TOTAL EQUITY		14,610	27,416

The accompanying notes form part of these financial statements

ITL Limited and Controlled Entities
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Consolidated Statement of Changes in Equity

for the year ended 30 June 2010

	Note	Issued Capital	Foreign Currency Translation Reserve	Options Reserve	Asset Revaluation Reserve	Retained Earnings	Total
		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Balance at 1 July 2008		38,957	(1,694)	-	716	1,452	39,431
Transactions with owners in their capacity as owners:							
Employee share option reserve		-	-	50	-	-	50
Dividends paid	7	-	-	-	-	(329)	(329)
		-	-	50	-	(329)	(279)
Total comprehensive income for the year as reported in the 2009 financial statements		-	505	-	(378)	(3,482)	(3,355)
Correction of error	27	-	-	-	-	(8,381)	(8,381)
Restated total comprehensive income for the year		-	505	-	(378)	(11,863)	(11,736)
Balance at 30 June 2009		38,957	(1,189)	50	338	(10,740)	27,416
Employee share option reserve		-	-	(8)	-	-	(8)
Total comprehensive income for the year		-	66	-	(3)	(12,861)	(12,798)
Balance at 30 June 2010		38,957	(1,123)	42	335	(23,601)	14,610

The accompanying notes form part of these financial statements

ITL Limited and Controlled Entities
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Consolidated Statement of Cash Flows
for the year ended 30 June 2010

	Note	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from grants and customers		43,945	43,733
Payments to suppliers and employees		(41,825)	(42,931)
Interest received		32	95
Borrowing costs		(745)	(694)
Income tax paid		(31)	(218)
Net cash provided by / (used in) operating activities	23(a)	<u>1,376</u>	<u>(15)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for product tooling and development		(167)	(1,374)
Payment for property, plant and equipment		(313)	(645)
Payment for intangible assets		(189)	(267)
Proceeds from the sale of property, plant and equipment		836	-
Net cash provided by / (used in) investing activities		<u>167</u>	<u>(2,286)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from interest bearing liabilities		258	-
Payment for dividends		-	(329)
Repayments of borrowings		(1,620)	(287)
Net cash used in financing activities		<u>(1,362)</u>	<u>(616)</u>
Net increase/(decrease) in cash held		181	(2,917)
Net foreign exchange differences		(178)	-
Cash at beginning of year*	9	(3,411)	(494)
Cash at end of year*	9	<u>(3,408)</u>	<u>(3,411)</u>

* Net of Bank Overdraft and Bankers Acceptance balances.

The accompanying notes form part of these financial statements

ITL Limited and Controlled Entities
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Notes to the Financial Statements

for the year ended 30 June 2010

These financial statements cover the consolidated entity consisting of ITL Limited and its subsidiaries ('Consolidated Group' or 'Group'). ITL Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange. The financial statements are presented in the Australian currency.

Note 1: Statement of Significant Accounting Policies

Statement of Compliance

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

Basis of Preparation

The financial statements have been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Principles of Consolidation

A controlled entity is any entity over which ITL Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

ITL Limited and Controlled Entities
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Notes to the Financial Statements

for the year ended 30 June 2010

Note 1: Statement of Significant Accounting Policies (Cont'd)

(a) Principles of Consolidation (Cont'd)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

(b) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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Notes to the Financial Statements
for the year ended 30 June 2010

Note 1: Statement of Significant Accounting Policies (Cont'd)

(b) Income Tax (Cont'd)

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax rates and tax laws are based on applicable jurisdictions.

Tax Consolidation

ITL Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity.

The group has previously notified the Australian Tax Office that it had formed an income tax consolidated group. The tax consolidated group has entered a tax funding arrangement whereby each company in the group contributes to the income tax payable by the group in proportion to their contribution to the group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

(c) Segment Reporting

Adoption of AASB 8 Operating Segments

The Group has adopted AASB 8 Operating Segments with effect from 1 July 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (AASB 114 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. As a result, following the adoption of AASB 8, the identification of the Group's reportable segments has changed.

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Notes to the Financial Statements

for the year ended 30 June 2010

Note 1: Statement of Significant Accounting Policies (Cont'd)

(c) Segment Reporting (cont'd)

Products and services from which reportable segments derive their revenues

In prior years, segment information reported externally was analysed on the basis of the business units. However, information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is more specifically focussed on the operating businesses. These are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and services to different markets. The Group's reportable segments under AASB 8 are therefore as follows:

Innovative Products Group ("IPG")

ITL aspires to protect healthcare clinical service providers through the development and production of a broad range of proprietary biological safety sampling devices. Our products enhance the safe collection of biological samples through functionality and design preventing injury and contamination in the process.

The division incorporates 'innovation & commercialisation' and 'research & design', and 'manufacturing'. The former is responsible for new product development and the management of the company's existing portfolio of products. The company's new product development programs are driven by the identification and satisfaction of unmet customer needs validated through market research and engagement with key customer groups. The in-house new product development capabilities include project design, rapid prototype development, injection moulding toolmaking, testing and validation, regulatory and compliance, manufacturing, assembling and packaging.

Innovative products manufacturing is based in Ipoh, Malaysia and produces a portfolio of innovative biological safety sampling devices. Precision injection moulding tools are designed and developed in-house and in addition to the production of the company's proprietary products the facility also provides contract manufacturing to ITL's customers. The company's infrastructure includes two Class 100,000 clean rooms, a class 10,000 clean room, injection moulding plant, mould tool manufacturing and a full laboratory. The facility is TUV accredited for CE marking and its Quality Management System is certified to ISO 13485:2003. The facility is also accredited to the Environmental Management System ISO 14001:2004.

Healthcare Australia ("HCA")

The company has invested in creating a state of the art stand-alone operation with in-house ethylene oxide sterilisation capabilities and class 3000 clean room assembly facilities. Historically this operating unit's primary source of revenue has been derived from the production of a broad range of sterile medical procedure packs including monitoring kits. More recently the business has diversified with an increasing percentage of sales being derived from stand-alone medical devices such as gowns and drapes.

Healthcare South East Asia ("HCSEA")

Headquartered in Kuala Lumpur, Malaysia ITL Healthcare South East Asia markets and distributes medical equipment, surgical instruments and consumables to over 160 hospitals and medical centres throughout Malaysia. Since acquisition HCSEA has transitioned from a high value low volume capital equipment sales and marketing operation to a broad portfolio of products representing world class medical device manufacturers including Siemens and the Stryker Corporation.

ITL Limited and Controlled Entities
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Notes to the Financial Statements

for the year ended 30 June 2010

Note 1: Statement of Significant Accounting Policies (Cont'd)

(c) Segment Reporting (cont'd)

Corporate and other

The corporate business segment consists of the board of directors and the costs of group communications and reporting.

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

Information regarding the Group's reportable segments is presented in note 30. Amounts reported for the prior year have been restated to conform to the requirements of AASB 8.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

(e) Property, Plant and Equipment

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

Property

Land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the assets original cost is transferred from the revaluation reserve to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount for these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Notes to the Financial Statements

for the year ended 30 June 2010

Note 1: Statement of Significant Accounting Policies (Cont'd)

(f) Property, Plant and Equipment (Cont'd)

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with that item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, is depreciated on a straight line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Leasehold land (Malaysia only)	1%
Land & buildings	2 - 2.5%
Furniture & fittings	10 - 20%
Leasehold improvements	10 - 25%
Computer & office equipment	10 - 33.33%
Computer software	20 - 33.33%
Motor vehicles	15%
Product development	5 - 33.33%
Product tools, production, QA and Lab equipment	10 - 33.33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

(g) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the consolidated group, are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

ITL Limited and Controlled Entities
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Notes to the Financial Statements

for the year ended 30 June 2010

Note 1: Statement of Significant Accounting Policies (Cont'd)

(h) Financial Instruments

Initial recognition and measurement

Financial assets and liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit and loss, in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- a. The amount at which the financial asset or financial liability is measured at initial recognition;
- b. Less principal repayments;
- c. Plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- d. Less any reduction for impairment.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in the profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Financial Guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

ITL Limited and Controlled Entities
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Notes to the Financial Statements

for the year ended 30 June 2010

Note 1: Statement of Significant Accounting Policies (Cont'd)

(h) Financial Instruments (Cont'd)

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(i) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(j) 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. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Patents and Trademarks

Patents and Trademarks are recognised at cost of acquisition. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. They are amortised over the lesser of the period in which their benefits are expected to be realised or the residual life of the patent or trademark usually 20 years.

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Notes to the Financial Statements

for the year ended 30 June 2010

Note 1: Statement of Significant Accounting Policies (Cont'd)

(j) Intangibles (Cont'd)

Research and Development

Expenditure during the research phase of a project is recognised as an expense when incurred. Product development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. This assessment is carried out by the R&D Committee (consisting of high level management) which meets on a regular basis.

Product development has a finite life and is amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(k) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when the values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

Group Companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period.
- Retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

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Notes to the Financial Statements

for the year ended 30 June 2010

Note 1: Statement of Significant Accounting Policies (Cont'd)

(l) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Equity-settled compensation

The group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Retirement Benefit Obligations

All employees of the group are entitled to benefits from the group's superannuation plan on retirement, disability or death. The defined contribution section receives fixed contributions from group companies and the group's legal or constructive obligation is limited to these contributions. The employees of the parent entity are all members of the defined contribution section of the group's plan.

(m) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(n) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(o) Revenue

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

Revenue is measured at the fair value of the consideration received. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Revenue is recognised when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. Estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement are used when determining whether revenue can be reliably measured.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

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Notes to the Financial Statements

for the year ended 30 June 2010

Note 1: Statement of Significant Accounting Policies (Cont'd)

(p) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(q) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are included in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

(r) Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

(s) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(t) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(u) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

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Notes to the Financial Statements

for the year ended 30 June 2010

Note 1: Statement of Significant Accounting Policies (Cont'd)

(v) Going Concern

At 30 June 2010, ITL Healthcare SEA Sdn Bhd ("ITLHCSEA") had Malaysian Ringgit working capital and term loan facilities with United Overseas Bank Limited (UOB) equivalent to \$5,307k and drawn down to the amount of \$5,091k (note 17). This facility is necessary for the ongoing operations of the Group as it provides short-term cash flow requirements for day-to-day trading. The facilities provided by UOB are governed by a number of financial covenants.

The financial covenants in place stipulate that ITLHCSEA must not exceed a maximum gearing ratio of 2.75 at any time. This is based on the ratio of total bank borrowings against total net worth, excluding intangibles and pre-operating expenses, plus loans and advances from the holding company. Failure of the entity to meet this gearing ratio at any time could result in a technical breach of the covenant, depending on the interpretation of the specific calculation provisions.

The results of ITLHCSEA for the year ended 30 June 2010 have been adversely impacted by inventory write downs, which in the Directors' opinion, are unlikely to re-occur. The inclusion of these in the entity's results for the period together with an operating loss has resulted in the gearing ratio being exceeded. Notwithstanding, the gearing ratio calculation excludes the cash held in both the Overdraft account (\$618k) and the Sinking Fund (\$1,466k). If these two cash items were netted against borrowings, the gearing ratio calculation would reduce to 2.31.

A breach could result in a potential withdrawal of funding by the bank. The withdrawal of funding would require that the Group undertake to refinance or to carry out a further capital raising. The directors are confident that alternate funding in the form of replacement debt and/or equity can be secured should the need arise. Local management have met with UOB and disclosed the above. UOB has written to the company confirming the continuation of facilities, subject to the conduct of an interim review. The Bank has verbally indicated the desire to work with the Company to develop a plan to rectify the situation.

As a result of the above, being the withdrawal of funding by UOB there is material uncertainty whether ITLHCSEA will continue as a going concern. This would impact the ability of the Group to realize its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report.

In addition, at 30 June 2010 ITL Healthcare Pty has loan facilities totaling \$2,500k with Bendigo and Adelaide Bank Limited ("Bendigo") drawn down to the amount of \$2,301k. This facility formally expired on 16 October 2009 and Bendigo extended the facilities to 1 March 2010. Since then, the facilities have continued to be available. The Company has received written correspondence indicating Bendigo's intention to extend the facility. During the year ended 30 June 2010, the Company was successful in reducing borrowings, generating an operating cash inflow, and selling surplus land and buildings. The Directors are confident that the Group will continue to have the support of UOB and Bendigo, thus ensuring the viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due. Management's cash flow forecasts reflect the continued availability of these banking facilities, as well as the Groups' ability to improve financial performance through a range of planned revenue enhancement and cost reduction activities. These forecasts also reflect reductions in working capital levels, particularly inventories, in order to better fund the business.

Accordingly, the financial report has been prepared on a going concern basis. At this time, the directors are of the opinion that no asset is likely to be realized for an amount less than the amount at which it is recorded in the financial report at 30 June 2010. No adjustments have been made to the financial report relating to the recoverability or classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

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Notes to the Financial Statements

for the year ended 30 June 2010

Note 1: Statement of Significant Accounting Policies (Cont'd)

(w) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(x) Critical Accounting Estimates and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(i) Significant accounting judgements

Recovery of deferred tax assets

Deferred tax assets recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the next two years together with future tax planning strategies.

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Notes to the Financial Statements

for the year ended 30 June 2010

Note 1: Statement of Significant Accounting Policies (Cont'd)

(x) Critical Accounting Estimates and Judgements (Cont'd)

Impairment of non-financial assets other than goodwill and indefinite life intangible assets

The group assesses impairment of all assets at each reporting date by evaluating conditions specific to the group and to the particular asset that may lead to impairment. These include product and manufacturing performance, technology, economic and political environments and future product expectations. Where an impairment trigger exists, the recoverable amount of the asset is determined.

(ii) Significant accounting estimates and assumptions

Impairment of goodwill and intangibles with indefinite useful lives

The group determines whether goodwill and intangibles with indefinite useful lives are impaired at least at each reporting date. This requires an estimation of the recoverable amount of the cash-generating units, using a value-in-use discounted cash flow methodology, to which the goodwill and intangibles with indefinite useful lives are allocated. Value-in-use is calculated based on the present value of cash flow projections over a 5 year period with the period extending beyond five years extrapolated using an estimated growth rate. The cash flows are discounted using a yield of 14.18%.

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use expected growth rates to project revenue. Costs are calculated taking into account expected gross margins as well as estimated inflation rates over the periods which are consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks within a particular segment.

Based on the value-in-use calculations, all goodwill (\$10,921,000) has been written off as fully impaired at 30 June 2010.

Provision for Impairment of intangibles - Product Development

Based on value-in-use calculations, a provision for impairment of \$300,000 has been recorded in respect of Product Development at 30 June 2010.

(y) New and revised accounting standards

Adoption of new and revised standards:

The Consolidated Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

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Notes to the Financial Statements

for the year ended 30 June 2010

Note 1: Statement of Significant Accounting Policies (Cont'd)

(y) New and revised accounting standards (Cont'd)

New standards and interpretations not yet adopted:

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied in preparing these financial statements.

AASB 9 Financial Instruments includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 will become mandatory for the Consolidated Group's 30 June 2014 Financial Statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Consolidated Group has not yet determined the potential effect of the standard.

AASB 124 Related Party Disclosures (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for the Consolidated Group's 30 June 2012 Financial Statements, are not expected to have any impact on the Financial Statements.

AASB 2009-5 Further amendments to Australian Accounting Standards arising from the Annual Improvements Process affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Consolidated Group's 30 June 2011 Financial Statements, are not expected to have a significant impact on the Financial Statements.

AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issue [AASB 132] (October 2010) clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments, which will become mandatory for the Consolidated Group's 30 June 2011 Financial Statements, are not expected to have any impact on the Financial Statements.

AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Consolidated Group's 30 June 2011 Financial Statements, are not expected to have a significant impact on the Financial Statements.

AASB 2010-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Consolidated Group's 30 June 2011 Financial Statements, are not expected to have a significant impact on the Financial Statements.

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Notes to the Financial Statements
for the year ended 30 June 2010

	2010	2009
	\$000's	\$000's
Note 2: Revenue and Other Income		
Sale of goods	40,855	43,657
Other Income		
Gains on foreign currency transactions	241	-
Interest received	33	95
Other	221	76
Total Revenue	41,350	43,828
Note 3: Operating Result for the Year		
Expenses		
Cost of sales	25,060	28,898
	25,060	28,898
Depreciation of non-current assets:		
Land & buildings	50	86
Furniture & fittings	61	69
Computer & office equipment	127	155
Leasehold improvements	754	532
Motor vehicle	14	12
Product tools and equipment	910	914
Production, QA and lab equipment	15	24
Total depreciation	1,931	1,792
Amortisation of non-current assets:		
- Computer software	239	225
- Product design/development	67	507
- Patents and trademarks	510	141
Total amortisation	816	873
Total Depreciation and Amortisation	2,747	2,665
Less: Depreciation and Amortisation included in cost of sales	(927)	(772)
Depreciation and amortisation expense	1,820	1893
Finance costs – external	745	696
Legal fees	114	56
Audit, accounting and taxation services	273	234
Share-based payments expense	(8)	50
Foreign currency translation losses	-	41
Impairment of goodwill	10,921	3,500
Impairment of product tools and development	300	6,431
Write back of deferred R&D grant income	-	(3,095)
	11,221	6,836

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	2010	2009
	\$000's	\$000's
Note 3: Profit for the Year (Cont'd)		
Miscellaneous asset write-off	155	709
Redundancies	179	801
Obsolete stock write off	-	1,202
Debtor write offs	-	356
Relocation costs	-	112
Restructuring expenses	334	3,180
Rental expense on operating leases:		
- minimum lease payments	630	605

Note 4: Key Management Personnel Compensation

(a) Names and positions held of consolidated group and parent entity key management personnel in office at any time during the financial year are:

Key Management Person	Position
Julian Gosse	Chairman – Non-Executive
Michael Hirshorn	Director – Non-Executive
Roy Rose	Director – Non-Executive
Brian Andrews	Chief Executive Officer / Managing Director
Greg Lewis	Chief Financial Officer and Company Secretary (resigned 24 September 2009)
Angelo Tsagarakis	Chief Financial Officer (appointed 30 November 2009; resigned 20 August 2010)
Jennine McClure	Company Secretary (appointed 15 September 2009)
Dato Foo Chee Kim	Managing Director ITL Healthcare SEA Sdn Bhd Vice President Sales – South East Asia
Stephanie Norrell	Managing Director – ITL North America Inc. Vice President Sales – Americas and Europe
Craig Wilson	Vice President of Design and OEM
Narinder Kanda	Managing Director ITL Asia Pacific Sdn Bhd Vice President of ITL Asia Pacific Manufacturing

(b) Total remuneration paid to Key Management Personnel (KMP)

Refer to the Remuneration Report in the Directors' Report for remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2010. The totals of remuneration paid to KMP of the Company and the Group during the year are:

	2010	2009
	\$000's	\$000's
Short term employee benefits	1,469	2,417
Post-employment benefits	150	289
	1,619	2,706

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Notes to the Financial Statements

for the year ended 30 June 2010

Note 4: Key Management Personnel Compensation (cont'd)

(c) Options and Rights Holdings

Number of Options Held by Key Management Personnel

Key Management Personnel	Balance 1/7/2009	Granted as Compensation	Options Exercised	Net Change Other	Balance 30/6/10	Total Vested	Total Exercisable 30/6/10	Total Unexercisable 30/6/10
Greg Lewis	400,000	-	-	-400,000	-	-	-	-
Tony Irvine	150,000	-	-	-150,000	-	-	-	-
Dato Foo Chee Kim	150,000	-	-	-	150,000	-	-	150,000
Stephanie Norrell	150,000	-	-	-	150,000	-	-	150,000
Craig Wilson	150,000	-	-	-	150,000	-	-	150,000
Narinder Kanda	400,000	-	-	-	400,000	-	-	400,000
Brian Andrews	1,000,000	-	-	-1,000,000	-	-	-	-
	2,400,000	-	-	-1,550,000	850,000	-	-	850,000

(d) Shareholdings

Number of Shares held or controlled by Directors and Key Management Personnel:

	Balance 30/6/09	Received as Compensation	Options Exercised	Net Change other*	Balance 30/6/10
Julian Gosse	1,050,000	-	-	-	1,050,000
Roy Rose	650,444	-	-	-	650,444
Michael Hirshorn	-	-	-	-	-
William Mobbs	23,422,319	-	-	400,000	23,822,319
Brian Andrews	-	-	-	-	-
Greg Lewis	-	-	-	-	-
Tony Irvine	43,570	-	-	-	43,570
Dato Foo Chee Kim	1,794,914	-	-	-	1,794,914
Stephanie Norrell	1,074,000	-	-	-	1,074,000
Craig Wilson	100,304	-	-	-	100,304
Narinder Kanda	392,058	-	-	-	392,058
	28,527,609	-	-	-	28,927,609

* Net change other refers to shares purchased or sold during the financial year.

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Notes to the Financial Statements

for the year ended 30 June 2010

	2010	2009
	\$000's	\$000's
Note 5: Income Tax (Credit)/Expense		
a. The components of tax (credit)/expense comprise:		
Current tax	(305)	(191)
Deferred tax	(1,143)	37
Under provision in respect of prior years	309	340
	<u>(1,139)</u>	<u>186</u>
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
Loss before income tax	14,000	11,677
Prima facie tax payable/(benefit) on profit before income tax at 30% (2009:30%)	(4,200)	(3,503)
Add:		
Tax effect of:		
- other non-allowable items	-	-
- non-deductible entertainment	-	-
- under provision for income tax in prior years	-	-
	<u>(4,200)</u>	<u>(3,503)</u>
Less:		
Tax effect of:		
- other allowable items	-	-
- deferred tax asset not previously recognised	-	-
- Over provision for income tax in prior years	309	340
- Deferred tax asset not recognised	2,752	3,349
	<u>(1,139)</u>	<u>186</u>
Income tax attributable to entity	<u>(1,139)</u>	<u>186</u>
The applicable weighted average effective tax rates are as follows:	8.1%	1.6%
The consolidated group operates in a multi-jurisdictional tax environment which makes meaningful comparison of weighted average effective tax rates difficult. The consolidated group has carried forward part of its tax losses based on an assessment as to the probability of generating future taxable profits to utilise the tax losses being carried forward.		
c. Unused tax losses for which no deferred tax asset has been recognised:	<u>9,173</u>	<u>11,163</u>
Potential tax benefit @ 30%	<u>2,752</u>	<u>3,349</u>

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Notes to the Financial Statements
for the year ended 30 June 2010

	2010 \$000's	2009 \$000's
Note 6: Auditors' Remuneration		
Remuneration of the auditor PWC Australia of the parent entity for:		
Auditing or reviewing the financial statements	170	-
Remuneration of the previous auditor (Walter Turnbull) of the parent entity for:		
Auditing or reviewing the financial statements	-	99
Taxation services	-	106
Remuneration of auditor of subsidiaries for:		
Auditing or reviewing the financial statements of subsidiaries	33	29
	<u>203</u>	<u>234</u>

It is anticipated that the final fee payable to the auditor will exceed the above amount which has been expensed in the statement of comprehensive income.

Note 7: Dividends

Distributions paid

0.25 cent dividend paid on 16 October 2008	-	329
	<u>-</u>	<u>329</u>
a. Balance of franking account at year end	1,116	1,116
b.		
c.		
	<u>1,116</u>	<u>1,116</u>

Note 8: (Loss)/Earnings Per Share

Earnings per share is calculated based on the operating (loss)/profit after income tax	<u>(12,861)</u>	<u>(11,863)</u>
Weighted average number of ordinary shares used in the calculation of basic EPS	131,645,386	131,645,386
Weighted average number of options outstanding	-	-
Weighted average number of ordinary shares used in the calculation of dilutive EPS	131,645,386	131,645,386

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Notes to the Financial Statements

for the year ended 30 June 2010

	2010	2009
	\$000's	\$000's
Note 9: Cash and Cash Equivalents		
Cash on hand	4	5
Cash at bank	3,103	2,488
	3,107	2,493

The effective interest rate on short-term bank deposits was 1.0% (2009: 7.9%); these deposits have an average maturity of 60 days.

Reconciliation of cash

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

Cash and cash equivalents	3,107	2,493
Bank overdrafts and bankers acceptances (note 17)	(6,515)	(5,904)
	(3,408)	(3,411)

Note 10: Trade and other receivables

Current

Trade receivables	7,399	6,841
Allowance for impairment loss	(369)	(272)
Other receivables	(40)	1
Accrued revenue	1,057	1,072
GST and other tax	-	(57)
	8,047	7,585

Credit Risk – Trade and other receivables

The group has no significant concentration of credit risk with respect to any single counter party or group of counter parties. The class of assets described as Trade and other receivables is considered to be the main source of credit risk related to the group.

The following table details the group's trade and other receivables exposed to credit risk with ageing analysis and impairment provided thereon. Amounts are considered 'past due' when the debt has not been settled, with the terms and conditions agreed between the group and the counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the group.

Neither the group nor the parent entity holds any trade or other receivables with terms that have been renegotiated, but which would have otherwise been past due or impaired.

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Notes to the Financial Statements
for the year ended 30 June 2010

Note 10: Trade and Other Receivables (Cont'd)

	2010	2009
	\$000's	\$000's
Trade Receivables Ageing Analysis		
Current	4,908	4,346
1 to 30 days	1,455	1,221
31 to 60 days	150	483
61 to 90 days	341	222
91 to 120 days	33	80
Over 120 days	512	489
Provisions made against bad debts	(369)	(272)
	7,030	6,570
Balances that are past due but not impaired	2,122	2,223

On a geographical basis the group has credit risk exposures in Australia, United States, Canada and Malaysia arising from significant sales operations in each of the regions. The group's exposure to credit risk in those regions at the reporting date is as follows: -

AUD		
Australia	2,707	2,380
USA	1,265	1,495
Canada	111	215
Malaysia	3,316	2,752
	7,399	6,842

Provision for impairment of receivables

Current trade receivables are non-interest bearing and generally on 30 day terms. A provision for impairment is recognised when there is objective evidence that an individual receivable is impaired. These amounts have been included in the other expenses as an expense.

Movement in the provision for impairment of the receivable is as follows: -

Balance at 1 July	272	12
Increase in provisions	369	272
Recovery of amounts previously provided	(272)	(12)
Amounts written off	-	-
Balance at 30 June	369	272

It is expected that all amounts that are past due will be received in full where an impairment provision has not been made against the balance.

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Notes to the Financial Statements
for the year ended 30 June 2010

Note 11: Inventories

	2010	2009
	\$000's	\$000's
Current		
At cost		
Raw materials and stores	2,435	3,145
Work in progress	212	-
Finished goods	9,725	8,874
Provision for impairment	(1,116)	(1,350)
	11,256	10,669

Movement in the provision for impairment of the inventory is as follows: -

Balance at 1 July	1,350	-
Increase in provisions	1,045	1,350
Reversal of impairment write-downs (net)	(1,279)	-
Balance at 30 June	1,116	1,350

Note 12: Other current assets

Deposits to suppliers	321	107
Prepayments	357	941
	678	1,048

Note 13: Property, Plant and Equipment

Land and buildings

Leasehold land at cost	1,213	1,720
Less: accumulated depreciation	(49)	(50)
Total leasehold land	1,164	1,670

Land and buildings at valuation	1,729	2,265
Less: accumulated depreciation	(81)	(45)
Total land and buildings at valuation	1,648	2,220

Total land and buildings	2,812	3,890
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Notes to the Financial Statements
for the year ended 30 June 2010

	2010 \$000's	2009 \$000's
Note 13: Property, Plant and Equipment (Cont'd)		
Plant and equipment		
Furniture & fittings at cost	472	472
Less : accumulated depreciation	(276)	(221)
Total furniture & fittings	<u>196</u>	<u>251</u>
Computer & office equipment at cost	849	832
Less : accumulated depreciation	(619)	(520)
Total computer & office equipment	<u>230</u>	<u>312</u>
Building improvements at cost	5,435	5,208
Less : accumulated depreciation *	(1,643)	(889)
Total building improvements	<u>3,792</u>	<u>4,319</u>
Motor vehicles at cost	34	63
Less : accumulated depreciation	(24)	(21)
Total motor vehicles at cost	<u>10</u>	<u>42</u>
Total plant and equipment	<u>4,228</u>	<u>4,924</u>
Total property, plant and equipment	<u>7,040</u>	<u>8,814</u>

The group's land and buildings were revalued during the year ended 30 June 2009 by independent valuers. Valuations were made on the basis of open market value. The revaluation (decrement)/increment net of applicable deferred income taxes was credited to an asset revaluation reserve in shareholders' equity.

* The large increase in accumulated depreciation reflects the provision for fixed asset write-offs.

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Notes to the Financial Statements

for the year ended 30 June 2010

Note 13: Property, Plant and Equipment (Cont'd)

(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:

2010	Balance at the beginning of year \$000's	Additions \$000's	Transfer \$000's	Revaluation increment / (decrement) \$000's	Translation Adjustments \$000's	Depreciation expense \$000's	Disposals \$000's	Balance at the end of year \$000's
Leasehold Land	1,670	-	-	-	3	(17)	(492)	1,164
Land & buildings	2,220	-	-	-	36	(33)	(575)	1,648
Furniture & Fittings	251	13	-	-	(2)	(61)	(5)	196
Computer & office Equipment	312	54	-	-	2	(127)	(11)	230
Leasehold Improvements	4,319	246	-	-	4	(754)	(23)	3,792
Motor Vehicle	42	-	-	-	(2)	(14)	(16)	10
Total	8,814	313	-	-	41	(1,006)	(1,122)	7,040
2009	Balance at the beginning of year \$000's	Additions \$000's	Transfer \$000's	Revaluation increment / (decrement) \$000's	Translation Adjustments \$000's	Depreciation expense \$000's	Disposals \$000's	Balance at the end of year \$000's
Leasehold Land	1,498	-	-	-	193	(21)	-	1,670
Land & buildings	2,604	-	-	(540)	193	(37)	-	2,220
Furniture & Fittings	265	45	(2)	-	29	(69)	(17)	251
Computer & office Equipment	343	126	(20)	-	18	(155)	-	312
Leasehold Improvements	4,879	441	22	-	49	(532)	(540)	4,319
Motor Vehicle	20	33	-	-	1	(12)	-	42
Total	9,609	645	-	(540)	483	(826)	(557)	8,814

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Notes to the Financial Statements

for the year ended 30 June 2010

Note 13: Property, Plant and Equipment (Cont'd)

(b) Impairment losses

There were no impairment losses recognised in the statement of comprehensive income during the year.

	2010	2009
	\$000's	\$000's
Note 14: Product Tooling and Equipment		
Product tools :		
At cost	4,916	4,714
Less : accumulated depreciation	(3,083)	(2,173)
Total product tools	<u>1,833</u>	<u>2,541</u>
Production, QA, lab equipment :		
At cost	151	172
Less : accumulated depreciation	(116)	(101)
Total production, QA and lab equipment	<u>35</u>	<u>71</u>
Total product tooling and equipment	<u>1,868</u>	<u>2,612</u>

(a) Movements in carrying amounts

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

	2010	Balance at the beginning of year	Additions	Transfer	Trans-lation Adjust-ments	Depreciation /amortisation Expense	Disposals	Balance at the end of year
		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Product tools		2,541	167	4	9	(910)	22	1,833
Production, QA and lab		71	-	-	(2)	(15)	(19)	35
Total		<u>2,612</u>	<u>167</u>	<u>4</u>	<u>7</u>	<u>(925)</u>	<u>3</u>	<u>1,868</u>
	2009	Balance at the beginning of year	Additions	Transfer	Trans-lation Adjust-ments	Depreciation /amortisation Expense	Disposals	Balance at the end of year
		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Product tools		1,512	727	1,365	70	(914)	(219)	2,541
Production, QA and lab		62	-	26	7	(24)	-	71
Total		<u>1,574</u>	<u>727</u>	<u>1,391</u>	<u>77</u>	<u>(938)</u>	<u>(219)</u>	<u>2,612</u>

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Notes to the Financial Statements
for the year ended 30 June 2010

	2010	2009
	\$000's	\$000's
Note 15: Intangible Assets		
Business development software at cost	1,317	1,251
Less: accumulated amortisation	(744)	(503)
	<u>573</u>	<u>748</u>
Patents, trademarks and licenses at cost	3,392	1,877
Less: accumulated amortisation	(2,388)	(1,724)
	<u>1,004</u>	<u>153</u>
Product development at cost	1,481	1,438
Less: accumulated amortisation	(954)	(587)
	<u>527</u>	<u>851</u>
Goodwill at cost	14,421	14,421
Less: accumulated impairment	(14,421)	(3,500)
	<u>-</u>	<u>10,921</u>
	<u>2,104</u>	<u>12,673</u>

Intangible assets, other than goodwill, have a finite life. The current charges for intangible assets are included under depreciation and amortisation expense per the statement of comprehensive income. Goodwill has an infinite life.

Business development software owned by the Parent Entity is held as security under a hire purchase lease arrangement (see note 17).

The increase in Patents, trademarks and licences relates primarily to the capitalisation of licence fees payable and a transfer of prepaid licence fees from prepayments.

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Notes to the Financial Statements

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Note 15: Intangible Assets (Cont'd)

(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:

2010	Balance at the beginning of year \$000's	Additions \$000's	Transfer \$000's	Impairment \$000's	Foreign exchange gain/(loss) \$000's	Amortisation Expense \$000's	Disposals \$000's	Balance at the end of year \$000's
Product development	851	43	-	(300)	-	(67)	-	527
Business development software	748	64	-	-	1	(239)	(1)	573
Patents, trademarks and licenses	153	82	* 1,279	-	-	(510)	-	1,004
Goodwill	10,921	-	-	(10,921)	-	-	-	-
Total	12,673	189	1,279	(11,221)	1	(816)	(1)	2,104

*This relates to capitalisation of licence fees payable and a transfer of prepared licence fees from prepayments.

2009	Balance at the beginning of year \$000's	Additions \$000's	Transfer \$000's	Impairment \$000's	Foreign exchange gain/(loss) \$000's	Amortisation Expense \$000's	Disposals \$000's (1)	Balance at the end of year \$000's
Product development	8,560	500	(1,009)	(6,431)	(6)	(507)	(256)	851
Business development software	810	168	-	-	(5)	(225)	-	748
Patents, trademarks and licenses	584	100	(382)	-	-	(141)	(8)	153
Goodwill	15,845	-	-	(3,500)	-	-	(1,424)	10,921
Total	25,799	768	(1,391)	(9,931)	(11)	(873)	(1,688)	12,673

- (1) Other changes relating to a reduction in the balance of Goodwill arising from a reduction in the acquisition cost of Inspire Vision Technologies Sdn Bhd and Inspire Vision Medical Sdn Bhd. This is a result of a write back of the earn-out liabilities provided for at the time of acquisition (see note 18).

(b) Impairment disclosures

Goodwill is attributed to cash-generating units which reflect the group's reporting segments.

	2010 \$000's	2009 \$000's
Innovative Product Division segment	-	2,816
Hospital Supplies Division segments in Australia and Malaysia	-	8,105
Total	-	10,921

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Notes to the Financial Statements

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Note 15: Intangible Assets (Cont'd)

(b) Impairment disclosures (Cont'd)

Following the recent change to the Board and management team at ITL, a comprehensive review of the strategy and operating plan at ITL has been carried out. The changes arising from the review has caused a revision of the management forecasts used in supporting the carrying value of goodwill. Changes to assumptions regarding future growth and margins have resulted in a significant write-down of intangible assets.

CGU	Gross Margin		Growth rate		Discount rate**	
	2010* %	2009 %	2010 %	2009 %	2010 %	2009 %
ITL Healthcare Australia	27%	27%	16%	-8%	14.2%	14.2%
Innovative Products Group***	8%	13%	-25%	22%	14.2%	14.2%
ITL Healthcare SEA	35%	29%	0.2%	35.0%	14.4%	14.4%

* Budgeted gross margin

** In performing the value-in-use calculations for each CGU the group has applied post tax discount rates to discount the forecast future attributable post-tax cash flows. The equivalent pre-tax discount rates are disclosed above. The same post-tax discount rates were applied in 2009 and 2010. The movements in the equivalent pre-tax discount rates between 2009 and 2010 reflect changes in the anticipated timing of future cash flows.

*** IPG group has been assessed at the Operating Margin level.

The recoverable amount of each cash-generating unit above was assessed during the year ended 30 June 2010 and it was determined that the carrying amount exceeded the value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5 year period with the period extending beyond five years extrapolated using an estimated growth rate. The cash flows are discounted using a yield of 14.18%. Management have decided to impair goodwill on this basis for both CGU reporting segments. As a result of this assessment, it has been determined that goodwill is impaired.

Note 16: Trade and Other Payables

Current

Unsecured liabilities

	2010 \$000's	2009 \$000's
Trade payables	7,560	5,377
Sundry payables and accrued expenses	2,823	2,231
	10,383	7,608

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Note 17: Borrowings	2010	2009
	\$000's	\$000's
Current		
<i>Secured liabilities</i>		
Bank overdrafts and bankers acceptances	6,515	5,904
Bank loans	2,698	2,524
Hire purchase liability	366	242
	<u>9,579</u>	<u>8,671</u>
Non Current		
<i>Secured liabilities</i>		
Bank loans	255	1,633
Hire purchase liability	223	540
	<u>478</u>	<u>2,172</u>
 (a) Total current and non-current secured liabilities:		
Bank overdraft and bankers acceptances	6,515	5,905
Bank loan	2,953	4,156
Hire purchase liability (refer note 22 (a))	589	782
	<u>10,057</u>	<u>10,843</u>
 (b) The carrying amounts of assets pledged as security are:		
First mortgage		
Land and buildings	2,812	3,890
Hire purchase assets (net liability)	420	741
Other assets pledged as security	32,850	41,990
Total assets pledged as security	<u>36,082</u>	<u>46,621</u>

(c) The bank overdraft, mortgage loans and other finance facilities of ITL Asia Pacific Sdn Bhd are secured by registered 1st to 3rd legal charge over 4 units one and a half storey detached factories of the subsidiary, 1st to 9th debenture charge over both current & future fixed and floating assets of the overseas subsidiary and a parent entity corporate guarantee.

ITL Healthcare SEA Sdn Bhd has security for its bank overdrafts, bankers' acceptance and trust receipts by fixed charges over third party land and buildings, sinking funds, a fixed and floating charge over the present and future fixed and current assets of the ITL Healthcare SEA Sdn Bhd, a parent entity corporate guarantee and a pledge of fixed deposits of ITL Healthcare SEA Sdn Bhd.

ITL Healthcare's long term loans are secured by cross guarantees and debenture charges from ITL Limited, ITL Corporation Pty Ltd, Noble House Group Pty Ltd, ITL Healthcare Pty Ltd, Surgicare Pty Ltd and ITL Design and Manufacturing Pty Ltd.

ITL Limited's hire purchase assets are secured by the business development software.

(d) ITL Healthcare SEA Sdn Bhd's Hire purchase liability is secured by a guarantee.

(e) The consolidated group breached part of its banking covenants during the period which resulted in \$587,000 in bank loans being reclassified from non-current borrowings to current borrowings.

(f) ITL Limited group has guarantees in respect of third parties totalling \$185,000, on behalf of its related entity ITL Healthcare Australia Pty Ltd, due on 30/11/25.

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for the year ended 30 June 2010

	2010	2009			
	\$000's	\$000's			
Note 18: Tax					
Assets / (Liabilities)					
Current					
Income tax receivable	305	193			
Income tax payable	-	(2)			
Non-Current					
	Opening	Charged to	Charged	Exchange	Closing
	Balance	Income	to Equity	Differences	Balance
Deferred Tax Asset					
Property, Plant & Equipment	(1,421)	1,049	162	-	(210)
Future income tax benefits attributable to tax losses	1,333	(1,039)	-	-	294
Other	497	(47)	-	-	450
Balance at 30 June 2009	409	(37)	162	-	534
Property, Plant & Equipment	(210)	1,101	-	-	891
Future income tax benefits attributable to tax losses	294	315	-	-	609
Other	450	(273)	-	-	177
Balance at 30 June 2010	534	1,143	-	-	1,677

	2010	2009
	\$000's	\$000's
Note 19: Provisions		
Short-term		
Employee benefits	671	578
Long-term		
Employee benefits	61	174
Make good provision	300	-
	361	174

Provision for long-term employee benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

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	2010	2009
	\$000's	\$000's
Note 20: Issued Capital		
131,645,386 (2009: 131,645,386) fully paid ordinary shares	38,957	38,957
a. Ordinary shares		
At beginning of reporting period	38,957	38,957
Shares issued during the period	-	-
	38,957	38,957
	No.	No.
At beginning of reporting period	131,645,386	131,645,386
Shares issued during the period	-	-
	131,645,386	131,645,386

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.

b. Options

- i. For information relating to the ITL Limited share options, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year end, refer to Note 31 Share-based Payments.
- ii. For information relating to share options issued to key management personnel during the financial year, refer to Note 31 Share-based Payments.

c. Capital Management

Management control the capital of the group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

At 30 June 2010 the group was in breach of one of its banking covenants thereby increasing liability risk. This is being managed in conjunction with the bank as disclosed in Note 1(v).

There are no externally imposed capital requirements.

Management effectively manage the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year. This strategy has no specific set gearing ratio at this point. The gearing ratios for the year ended 30 June are as follows:

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Notes to the Financial Statements
for the year ended 30 June 2010

Note 20: Issued Capital (Cont'd)

	Note	2010	2009
		\$000's	\$000's
Total borrowings	17	10,057	10,843
Less cash and cash equivalents	9	(3,107)	(2,492)
Net debt/(cash)		6,950	8,349
Total equity		14,610	27,416
Total Capital		21,560	35,765
Gearing ratio		32%	23%

The increase in gearing during the year primarily reflected the reduction in equity arising from the write-off of goodwill totalling \$10,921,000.

Note 21: Reserves

(a) Foreign Currency Translation Reserve

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

(b) Asset Revaluation Reserve

The asset revaluation reserve records revaluations of non-current assets.

(c) Option Reserve

The option reserve records the value of share based payments expensed in accordance with vesting conditions and AASB 2.

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Notes to the Financial Statements

for the year ended 30 June 2010

	2010	2009
	\$000's	\$000's
Note 22: Capital and Leasing Commitments		
(a) Hire purchase payables		
Payable		
- not later than 1 year	384	440
- later than 1 year but not later than 5 years	242	433
- later than 5 years	-	-
Minimum hire purchase payments	626	873
Less future finance charges	(37)	(91)
Total hire purchase liability	<u>589</u>	<u>782</u>
<p>The hire purchase payables on plant and equipment and business development software, commenced at various times throughout the year and have terms from 2 to 5 years. The equipment is being leased from banks and other financial institutions. There are no special conditions attached to these hire purchase agreements.</p>		
(b) Property rent and lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable		
- not later than 1 year	453	547
- later than 1 year but not later than 5 years	110	553
- later than 5 years	-	-
	<u>563</u>	<u>1,100</u>
<p>Property rent and lease commitments are non-cancellable and relate to office premises in Australia and USA. The Australian property's lease operates for the next 5 years; an option exists to lease the property for a further 5 years.</p>		
(c) Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable		
- not later than 1 year	36	12
- later than 1 year but not later than 5 years	122	4
- later than 5 years	-	-
	<u>158</u>	<u>16</u>
<p>Operating lease relates to office equipment; the terms are due to run out within the next one to 4 years.</p>		
(d) Capital commitments		
There are no capital commitments in existence.		
	<u>-</u>	<u>-</u>

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Notes to the Financial Statements
for the year ended 30 June 2010

	2010	2009
	\$000's	\$000's
Note 23: Cash Flow Information		
(a) Reconciliation of Cash Flows from Operations with (Loss)/Profit after Income Tax		
Loss after income tax	(12,861)	(11,863)
Non-cash flows in (loss)/profit:		
Depreciation and amortisation	2,747	2,665
Net loss on disposal of assets	70	-
Unrealised (gain)/loss on foreign currency transactions	(241)	41
Impairment of assets	11,221	6,836
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiary ies:		
(Increase)/decrease in trade and term receivables	(462)	(561)
(Increase)/decrease in other current assets	370	(367)
(Increase)/decrease in current tax asset	(112)	(286)
(Increase)/decrease in inventories	(587)	(1,308)
(Increase)/decrease in deferred taxes	(1,143)	37
Increase/(decrease) in trade and other payables	2,096	4,687
Increase/(decrease) in taxes payable	(2)	8
Increase/(decrease) in provisions	280	94
Cash flow from operations	1,376	(15)

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Notes to the Financial Statements
for the year ended 30 June 2010

	2010	2009
	\$000's	\$000's
Note 23: Cash Flow Information (Cont'd)		
(b) Credit Standby Arrangements with Banks		
Credit facility	7,833	8,888
Amount utilised	(6,515)	(5,905)
	<u>1,318</u>	<u>2,983</u>

The major facilities are summarised as follows:

Bank overdrafts

The bank overdraft facilities are arranged with a number of banks with the general terms and conditions being set and agreed to annually. Interest rates are variable and subject to adjustment.

Other facilities

The other facilities are arranged with a Malaysian bank with the general terms and conditions being set and agreed to annually. Interest rates are variable and subject to adjustment.

(c) Loan facilities

Loan facility	2,953	5,808
Amount utilised	(2,953)	(4,156)
	<u>-</u>	<u>1,652</u>

The major facilities are summarised as follows:

Bank loans

The bank loan facilities are arranged with a number of banks with the general terms and conditions being set and agreed to annually. Interest rates are variable and subject to adjustment.

Note 24: Contingent Liabilities and Contingent Assets

There were no contingent liabilities or assets arising during the financial year to 30 June 2010 or to the date of this report.

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Notes to the Financial Statements

for the year ended 30 June 2010

Note 25: Controlled Entities

(a) Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)	Percentage Owned (%)
		2010	2009
Ultimate Parent Entity			
ITL Limited	Australia	-	-
Subsidiaries of ITL Limited:			
ITL Needleguard Corporation Pty Limited (closed 23/7/06)	Australia	100%	100%
ITL Corporation Pty Limited	Australia	100%	100%
Noble House Group Pty Limited	Australia	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 SEA Sdn Bhd (formerly known as ITL Healthcare Sdn Bhd)	Malaysia	100%	100%
Subsidiaries of ITL HealthCare Pty Limited:			
Surgicare Pty Limited	Australia	100%	100%
Subsidiaries of ITL SEA Sdn Bhd:			
ITL Healthcare SEA Sdn Bhd (formerly known as Heal Marketing Sdn Bhd)	Malaysia	100%	100%
Subsidiaries of ITL Healthcare SEA Sdn Bhd:			
Heal Mediware Sdn Bhd	Malaysia	100%	100%

(b) Controlled Entities Acquired

Nil.

(c) Controlled Entities Disposed

Nil.

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Notes to the Financial Statements
for the year ended 30 June 2010

Note 26: 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

Nil

(ii) Entities within wholly owned group

Nil

(iii) Directors

Nil

(iv) Share Transactions of Directors

Directors' and Director – related entities' share holdings directly, indirectly or beneficially held as at the reporting date are disclosed in Note 4.

Note 27: Prior Year Errors

A prior year adjustment has been made in accordance with AASB 108 "*Accounting Policies, Changes in Accounting Estimates and Errors*". The adjustment was the result of a review of the carrying values of inventories, property plant and equipment, intangible assets, the application of capitalisation and depreciation policies, the estimation of impairment and the measurement and recognition of restructuring expenses in the prior period. It was determined that write downs of the assets under review were as a result of the established policies being incorrectly applied. The impact of the prior year adjustments on the Statements of Comprehensive Income and Financial Position of the Group are as follows:

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Notes to the Financial Statements

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Note 27: Prior Year Errors (Cont'd)

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2009

	Before Adjustments	Effect of Change	After Adjustments
	\$000's	\$000's	\$000's
Revenue	43,657	-	43,657
Cost of Sales	(27,902)	(996)	(28,898)
Gross Profit	15,755	(996)	14,759
Other income	171	-	171
Salaries and employee benefits expense	(8,985)	(1)	(8,985)
Depreciation and amortisation expense	(939)	(954)	(1,893)
Finance costs	(694)	(2)	(696)
Property and office expenses	(1,490)	(130)	(1,620)
Other expenses from ordinary activities	(3,397)	-	(3,397)
Profit/(Loss) before impairment and restructuring expense	422	(2,083)	(1,661)
Impairment expense	(3,336)	(3,500)	(6,836)
Restructuring expenses	(2,654)	(526)	(3,180)
Profit/(loss) before income tax expense	(5,568)	(6,109)	(11,677)
Income tax (expense)/benefit	2,086	(2,272)	(186)
Profit/(Loss) attributable to ITL Limited's Shareholders	(3,482)	(8,381)	(11,863)
Other comprehensive income (expenses) for the period			
Currency translation differences	505	-	505
Increase/(Decrease) in asset revaluation reserve	(378)	-	(378)
Other comprehensive income for the period	127	-	127
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(3,355)	(8,381)	(11,736)
Profit/(Loss) attributable to ITL Limited's Shareholders	(3,482)	(8,381)	(11,863)
Total comprehensive income attributable to ITL Limited's Shareholders	(3,335)	(8,381)	(11,736)
Basic earnings per share (cents per share)			
Diluted earnings per share (cents per share)	(2.64)		(9.01)

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Notes to the Financial Statements
for the year ended 30 June 2010

Note 27: Prior Year Errors (Cont'd)

Consolidated Statement of Financial Position
as at 30 June 2009

	Before Adjustments \$000's	Effect of Change \$000's	After Adjustments \$000's
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2,493	-	2,493
Trade and other receivables	7,646	(61)	7,585
Inventories	12,019	(1,350)	10,669
Current tax assets	193	-	193
Other current assets	1,048	-	1,048
TOTAL CURRENT ASSETS	23,399	(1,411)	21,988
NON-CURRENT ASSETS			
Property, plant and equipment	8,814	-	8,814
Product tooling and development	4,146	(1,534)	2,612
Intangible assets	15,704	(3,031)	12,673
Deferred tax assets	2,804	(2,270)	534
TOTAL NON-CURRENT ASSETS	31,468	(6,835)	24,633
TOTAL ASSETS	54,867	(8,246)	46,621
CURRENT LIABILITIES			
Trade and other payables	7,781	(173)	7,608
Financial liabilities	8,669	2	8,671
Current tax liabilities	-	2	2
Short-term provisions	483	95	578
TOTAL CURRENT LIABILITIES	16,933	(74)	16,859
NON-CURRENT LIABILITIES			
Trade and other payables	-	-	-
Financial liabilities	2,172	-	2,172
Deferred tax liabilities	-	-	-
Long-term provisions	15	159	174
Other non-current liabilities	-	-	-
TOTAL NON-CURRENT LIABILITIES	2,186	159	2,346
TOTAL LIABILITIES	19,120	85	19,205
NET ASSETS	35,747	(8,331)	27,416
EQUITY			
Issued capital	38,957	-	38,957
Foreign currency translation reserve	(1,189)	-	(1,189)
Option reserve	-	50	50
Asset revaluation reserve	338	-	338
Retained earnings	(2,359)	(8,381)	(10,740)
TOTAL EQUITY	35,747	(8,331)	27,416

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Notes to the Financial Statements

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Note 27: Prior Year Errors (Cont'd)

The prior year adjustment has not resulted in any changes in the Statement of Cash Flows. The adjustment impacts the Profit attributable to ITL Limited's Shareholders and the closing balance of Retained Earnings in the Statements of Changes in Equity.

Note 28: Events After Balance Date

During July 2010, the company received Malaysian government approval to sell its remaining two parcels of land held in Chemor Malaysia. Settlement occurred for one lot in August with the net sale proceeds of \$270 thousand applied towards retiring Bank debt within Malaysia. Negotiations for the sale of the final lot for approximately \$160 thousand are nearing completion.

During August 2010, Dr Mike Hirshorn, Mr Roy Rose and Mr Brian Andrews resigned as Directors. Mr Bill Mobbs and Mr Sanjay Sehgal were appointed as Directors on 18 August 2010.

Mr Bill Mobbs will act as Interim Managing Director and Chief Executive Officer effective 18 August 2010 following the departure of Mr Brian Andrews.

A major strategic and operational review is currently in progress and shareholders will be updated at the company's annual general meeting.

A subsidiary of ITL Ltd, ITI Healthcare SEA Sdn Bhd, exceeded its maximum gearing ratio permitted under its borrowing facilities with United Overseas Bank at 30 June 2010. The Bank has not issued a notice of default and is working with the Company to resolve the issue (refer to Note 1(v)).

In addition, at 30 June 2010 ITL Healthcare Pty has loan facilities totaling \$2,500 k with Bendigo and Adelaide Bank Limited ("Bendigo") drawn down to the amount of \$2,301 k. This facility formally expired on 16 October 2009 and Bendigo extended the facilities to 1 March 2010. Since then, the facilities have continued to be available. The Company is holding continuing discussions with Bendigo to alter the composition of the facility going forward.

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

Note 29: Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries hire purchase agreements and leases.

Financial Risk Management Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group businesses whilst managing its interest rate, foreign exchange, liquidity and credit risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group policy is not to engage in speculative transactions.

Treasury Risk Management

Head office management regularly review currency and interest rate exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

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Note 29: Financial Risk Management (Cont'd)

Specific Financial Risk Exposures and Management

The main risks the group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk.

(a) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

Interest rate risk is managed with a mixture of fixed and floating rate debt. At 30 June 2010 approximately 8.5% (2009: 59%) of the Group's debt was fixed rate. The Board reviews the mix of fixed and floating rate debt to ensure that a suitable balance is maintained commensurate with business needs. Interest rates on bank loans, overdrafts and bankers acceptances range between 3.95% and 7.55% (2009: between 5% and 9%). There were no fixed interest loan accounts (2009: fixed interest rates on loan accounts were between 8.13% and 9.7%). Hire Purchase agreements have an effective interest rate of 7.0% (2009: 7.9%).

	Average Effective Interest rate		2010	2009
	2010	2009	\$000's	\$000's
Floating rate instruments	7.34%	6.93%	(6,360)	(3,413)
Fixed rate instruments	7.01%	8.63%	(589)	(4,938)
			<u>(6,949)</u>	<u>(8,351)</u>

(b) Foreign currency risk

The group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the group's measurement currency. The group is also exposed to foreign currency risks through holding financial assets and financial liabilities in foreign currencies in its subsidiaries. Fluctuations in exchange rates between the Australian dollar and US dollar, Malaysian Ringgit, British Pound and the Euro may impact the Group's financial results. The group contains its exposure to currency risk by maintaining cash balances in the most exposed currencies. Cash is receipted where possible in local currencies and used to settle debts arising from meeting working capital requirements in local currencies. All significant financial assets and financial liabilities are held in the functional currency of the operation holding the financial instrument.

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Note 29: Financial Risk Management (Cont'd)

Specific Financial Risk Exposures and Management (Cont'd)

(c) Liquidity risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to its financial liabilities. The group manages this risk by:

- preparing cash flow forecasts;
- ensuring that adequate unutilised borrowing facilities are maintained;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- investing surplus cash only with major financial institutions.

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such the amounts may not reconcile to the balance sheet.

2010	Interest Rate range	Due < 1 year	Due 1 – 2 years	Due 2 – 5 years	Due > 5 years	Total
Bank overdraft	3.95%-7.55%	6,515	-	-	-	6,515
Bank loans	6.48%-7.31%	2,698	42	145	68	2,953
Hire purchase liability	4.25%-7.64%	366	190	33	-	589
Trade and other payables	-	10,383	-	-	-	10,383
Total Financial Liabilities		19,962	232	178	68	20,440

2009	Interest Rate range	Due < 1 year	Due 1 – 2 years	Due 2 – 5 years	Due > 5 years	Total
Bank overdraft	8.75%-9.00%	5,905	-	-	-	5,905
Bank loans	8.13%-9.70%	2,524	-	1,632	-	4,156
Hire purchase liability	7.90%-9.15%	242	540	-	-	782
Trade and other payables	-	7,608	-	-	-	7,608
Total Financial Liabilities		16,279	540	1,632	-	18,451

(d) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter-parties of contract obligations that could lead to a financial loss to the group. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. The credit risk is limited to trade and other receivables, as reported in note 10, and bank balances, as reported in note 9, for the group.

The consolidated group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated group.

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Notes to the Financial Statements

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Note 29: Financial Risk Management (Cont'd)

Net Fair Values

The net fair values of financial assets and financial liabilities are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value.

The 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 consolidated group intends to hold these assets to maturity.

Aggregate net fair values and carrying amounts of financial assets and liabilities at balance date:

GROUP	Carrying amount 2010 \$000's	Net fair value 2010 \$000's	Carrying amount 2009 \$000's	Net fair value 2009 \$000's
Financial Assets				
Cash and cash equivalents	3,107	3,107	2,493	2,493
Trade and other receivables	8,047	8,047	7,585	7,585
	<u>11,154</u>	<u>11,154</u>	<u>10,078</u>	<u>10,078</u>
Financial Liabilities				
Trade and other payables	10,383	10,383	7,608	7,608
Other loans and amounts due	10,057	10,057	10,843	10,843
	<u>20,440</u>	<u>20,440</u>	<u>18,451</u>	<u>18,451</u>

Fair values are materially in line with carrying values.

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Notes to the Financial Statements

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Note 29: Financial Risk Management (Cont'd)

Sensitivity Analysis

Interest Rate Risk, Foreign Currency Risk and Price Risk

The group has performed sensitivity analysis relating to its exposure to interest rate risk and foreign currency risk and price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

As at 30 June, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2010	2009
	\$000's	\$000's
Change in profit		
Increase in interest rates by 1%	(73)	(83)
Decrease in interest rates by 1%	73	83

Foreign Currency Risk and Sensitivity Analysis

The following table illustrates sensitivities to the group's sensitivities to changes in exchange rates. The table indicates the impact on profit and net assets of the group reported at the reporting date that would have been affected by changes in exchange rates. It is assumed that the exchange rate movement is independent of other variables.

As at 30 June, the effect on profit and equity as a result of changes in the value of the Australian Dollar to foreign currencies, with all other variables remaining constant is as follows:

	2010	2009
	\$000's	\$000's
Change in profit		
Improvement in AUD to USD/MYR by 2% (2009: 1%)	(178)	(74)
Decline in AUD to USD/MYR by 2% (2009: 1%)	178	74
Change in equity		
Improvement in AUD to USD/MYR by 2% (2009: 1%)	(210)	(56)
Decline in AUD to USD/MYR by 2% (2009: 1%)	210	56

It should be noted that the above impacts are primarily as a result of exposure to Malaysian Ringgit revenue net of expense, and, net assets of the Group's two Malaysian businesses.

Price Risk Sensitivity Analysis

As the Group primarily manufactures its own goods it is not any more sensitive to price rises than general inflation effects and therefore believes this analysis would have no material benefit.

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Notes to the Financial Statements

for the year ended 30 June 2010

Note 30: Operating Segments

Management have determined the operating segments based upon reports reviewed by the Board and executive management that are used to make strategic decisions. Refer to note 1(c) for discussion on the composition of reportable segments.

Business Unit Segments - Continuing Operations

The following table presents the revenue and profit information regarding business unit segments for the years ended 30 June 2010 and 30 June 2009.

Year ended 30 June 2010	Innovative Products Group \$'000	Healthcare Australia \$'000	Healthcare South East Asia \$'000	Corporate & Other \$'000	Total \$'000
Segment revenue					
Revenue from operating activities					
Sale of Goods & Services	9,127	16,834	14,894	-	40,855
Interest revenue	-	-	-	33	33
Gain on foreign currency transactions	241	-	-	-	241
Other Revenue	160	-	-	61	221
	401	-	-	94	495
Total consolidated revenue	9,528	16,834	14,894	94	41,350
Result					
Segment results	(1,976)	(923)	2,214	(1,245)	(1,930)
Impairment of Goodwill	-	(2,816)	(8,105)	-	(10,921)
Restructuring Expense	(157)	(34)	-	(143)	(334)
Losses on sale of surplus land and buildings in Malaysia	(70)	-	-	-	(70)
Earnings Before Interest and Tax	(2,203)	(3,773)	(5,891)	(1,388)	(13,255)
Interest expense					(745)
Income tax credit					1,139
Total segment results					(12,861)

ITL Limited and Controlled Entities
ABN 16 088 212 088

Notes to the Financial Statements
for the year ended 30 June 2010

Note 30: Operating Segments (Cont'd)

Year ended 30 June 2009	Innovative Products Group \$'000	Healthcare Australia \$'000	Healthcare South East Asia \$'000	Corporate & Other \$'000	Total \$'000
Segment revenue					
Revenue from operating activities					
Sale of Goods & Services	12,039	14,451	17,168	-	43,657
Interest Revenue	-	-	-	95	95
Other Revenue	-	-	-	76	76
	-	-	-	171	171
Total consolidated revenue	12,039	14,451	17,168	171	43,828
Result					
Segment results	2,547	(554)	812	(1,689)	1,116
Impairment of Goodwill	-	(2,500)	(1,000)	-	(3,500)
Impairment of other assets	(4,545)	(982)	(348)	(68)	(5,943)
Restructuring Expense	(992)	(282)	(282)	(1,098)	(2,654)
Earnings Before Interest and Tax	(2,990)	(4,318)	(818)	(2,855)	(10,981)
Interest expense					(696)
Income tax credit					(186)
Total segment results					(11,863)

For the purposes of monitoring segment performance and allocating resources between segments, segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists.

There are no customers comprising more than 10% of total revenue for a specific operating segment.

Intersegment Transfers

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the consolidated group at an arm's length. These transfers are eliminated on consolidation.

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Notes to the Financial Statements

for the year ended 30 June 2010

Note 31: Share-based Payments

Employee Share Option Arrangement

Options, as part of the employee share option plan, are issued to executives as part of their remuneration during the year. When issued, options are not issued based on performance criteria, but are issued to all executives of ITL Limited to increase goal congruence between executives and shareholders.

Options granted to key management personnel during the financial year or unexercised at the end of the financial year are listed below:

The closing share market price of an ordinary share of ITL Limited on the Australian Stock Exchange at 30 June 2010 was \$0.06 (2009: \$0.08).

	2010	Weighted	2009	Weighted
	No.	Avg Price	No.	Avg Price
Opening balance	2,400,000	0.21	1,700,000	0.22
Granted during the year	-	-	1,000,000	0.20
Exercised during the year	-	-	-	-
Lapsed during the year	-1,550,000	-	-300,000	-
Closing balance	850,000	0.23	2,400,000	0.21

There were no options exercised during the year. The options outstanding at 30 June 2010 had a weighted average exercise price of \$0.23 and a weighted average remaining contractual life of 1.62 years. Exercise prices range from \$0.20 to \$0.3675 in respect of options outstanding at 30 June 2010.

ITL Limited and Controlled Entities
ABN 16 088 212 088

Notes to the Financial Statements

for the year ended 30 June 2010

Note 32: Parent Entity Information

Financial Position	Parent Entity	
	2010	2009
	\$000's	\$000's
Assets		
Current Assets	894	590
Non Current Assets	13,517	30,269
Total Assets	<u>14,411</u>	<u>30,859</u>
Liabilities		
Current Liabilities	886	602
Non Current Liabilities	(1,714)	472
Total Liabilities	<u>(828)</u>	<u>1,074</u>
Equity		
Issued Capital	38,957	38,957
Retained Earnings	(24,079)	(13,073)
Reserves	360	318
Total Equity	<u>15,238</u>	<u>26,202</u>
Financial Performance		
Loss for the year	(10,964)	(5,523)
Other comprehensive income	-	-
Total Comprehensive Income	<u>(10,964)</u>	<u>(5,523)</u>

There are no contingent assets or liabilities and there are no commitments held by the parent entity.

Note 33: Company Details

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

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

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards; and
 - b. give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the consolidated group;

2. the Chief Executive Officer (from the date of his appointment of 18 August 2010) and the Chairman have signed Management Representation Letters declaring to the best of their knowledge:
 - a. the financial records of the company for the financial year have been properly maintained in accordance with s 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view;

3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

ITL Limited, ITL Corporation Pty Ltd, Noble House Group Pty Ltd, ITL Healthcare Pty Ltd, Surgicare Pty Ltd and ITL Design and Manufacturing Pty Ltd have entered into a deed of cross guarantee under which the company and its subsidiary guarantee the debts of each other.

At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become subject to, by virtue of the deed.

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



Julian Gosse

Director

Dated this 6th of October 2010

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999
Direct Phone Enter your phone
number
Direct Fax Enter your fax number
www.pwc.com/au

Independent auditor's report to the members of
ITL Limited

Report on the financial report

We have audited the accompanying financial report of ITL Limited (the company), which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the ITL Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with 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 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

**Independent auditor's report to the members of
ITL Limited (continued)**

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Basis for Qualified Auditor's Opinion

The financial report of ITL Limited Group as at 30 June 2009, was audited by another auditor, Walter Turnbull, whose report dated 10 September 2009, expressed an unqualified audit opinion on those statements. We have been unable to obtain sufficient appropriate evidence regarding the comparatives.

Subsequently, the Directors of ITL Limited have made several adjustments to carrying amounts of assets and liabilities as at 30 June 2009 which are disclosed in Note 27 of the financial report. We have been unable to obtain sufficient appropriate evidence to satisfy ourselves as to the carrying amount of assets and liabilities as at 1 July 2008 and 1 July 2009 (opening balances). Some of these opening balances enter into the determination of the profit and loss, cash flows and changes to equity for the years ended 30 June 2009 and 30 June 2010.

Qualified Auditor's Opinion

In our opinion, because of the limitation on the scope of our work as described in the qualification paragraphs, we are unable and do not express an opinion on the comparatives for the year ended 30 June 2009, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2010 in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2009 and of its performance for the year ended 30 December 2010; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*

In our opinion,

- (a) the statement of financial position of ITL Limited as at 30 June 2010 is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.



**Independent auditor's report to the members of
ITL Limited (continued)**

Significant Uncertainty Regarding Continuation as a Going Concern

Without further qualifying our opinion, we draw attention to Note 1(v) in the financial report. Note 1(v) refers to a technical breach of banking covenants within one of the group's controlled entities. Accordingly there is a significant uncertainty whether the company will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the remuneration report included in pages 14 to 18 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of ITL Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

A faint, light-colored version of the PricewaterhouseCoopers logo, consisting of the company name and the 'PwC' icon.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Manoj Santiago'.

Manoj Santiago
Partner

Sydney
6 October 2010

Shareholder Information

Stock Exchange Listing

ITL Limited's shares are listed on the Australian Securities Exchange (ASX) under the code ITP.

Substantial Shareholders as at 16 September 2010:

The shareholder information set out below was current at 16 September 2010.

There were 1153 holders of ordinary shares in the Company. These shareholders held 131,645,386 ordinary shares.

Distribution of Ordinary Shares

Holdings Ranges	Holders	Total Units	%
1-1,000	56	14,086	0.011
1,001-5,000	222	727,244	0.552
5,001-10,000	201	1,626,989	1.236
10,001-100,000	539	19,065,536	14.482
100,001-99,999,999,999	136	110,211,531	83.718
Totals	1,154	131,645,386	100.000

ITL Limited and Controlled Entities
ABN 16 088 212 088

Twenty Largest Shareholders at 16 September 2010:

Rank	Holder Name	Balance at 16-09-2010	%
1	BILBO HOLDINGS PTY LTD	23,822,319	18.096
	BILBO HOLDINGS PTY LTD <BILBO FAMILY A/C>	16,586,381	12.599
	MR WILLIAM LEONARD MOBBS <BILBO SUPER FUND A/C>	7,135,938	5.421
	MR WILLIAM LEONARD MOBBS & MRS CATHERINE JANE HOLBERY <BILBO SUPER FUND A/C>	100,000	0.076
2	DR JAGMOHANBIR SINGH DILLON & MRS KELWANT KAUR DILLON <DILLON SUPER FUND A/C>	14,447,387	10.974
	DR JAGMOHANBIR SINGH DILLON & MRS KELWANT KAUR DILLON <DILLON SUPER FUND A/C>	8,611,049	6.541
	MANDILL PTY LTD <KELJAG FAMILY A/C>	5,836,338	4.433
3	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED <BERNDALE A/C>	9,574,493	7.273
4	MR CHRIS CARR & MRS BETSY CARR	5,000,000	3.798
5	ANZ NOMINEES LIMITED <CASH INCOME A/C>	3,727,630	2.832
6	MR EVAN PHILIP CLUCAS	3,091,036	2.348
	MR EVAN PHILIP CLUCAS & MS LEANNE JANE WESTON <KURANGA NURSERY SUPER A/C>	2,791,036	2.120
	MR EVAN PHILIP CLUCAS	300,000	0.228
7	YOONG DOUNG NG	2,796,624	2.124
8	KON FAH WONG	2,649,056	2.012
9	CHOON CHAI TANG	2,091,360	1.589
10	MR DAVID LEROY BOYLES	2,000,000	1.519
11	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	1,800,000	1.367
12	FOO CHEE KIM	1,794,914	1.363
13	SYSUPER PTY LTD <M SYMONDS SUPER FUND A/C>	1,328,820	1.009
14	MR PAUL COZZI	1,295,613	0.984
15	CBDF PTY LIMITED <CANBERRA BUS DEVEL FD A/C>	1,180,000	0.896
16	MR BERNARD FREDERICK KNOWLER	1,175,000	0.893
17	MS STEPHANIE NORRELL	1,074,000	0.816
18	FONT SF PTY LTD <FONTANALICE PTY LTD A/C>	1,050,000	0.798
19	MILNE INVESTMENTS PTY LTD	1,000,000	0.760
20	TALSTON PTY LIMITED <TALSTON A/C>	1,000,000	0.760

As at 16 September 2010, the 20 largest shareholders held ordinary shares representing 62.21% of the issued capital.