



ITL Limited
ABN 16 088 212 088
PO Box 669
Braeside VIC 3195
Australia
t: +61 3 8773 3050
f: +61 3 8773 3059
www.itl-limited.com

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ITL Announcement

Company Update

Further to the publication of ITL Limited's half yearly results in which a number of restructuring initiatives were announced, the Board and Executive are pleased to provide this update of company performance.

The Company has now completed the relocation of its head office from Canberra to premises in Melbourne shared with the Healthcare Australia business unit. The relocation has yielded immediate benefits arising from the consolidation of finance resources that will deliver annualised operating cost savings of circa AUD 300,000.

The Company's Hospital Supplies business unit located in Malaysia has reduced its dependency on the sale of high value capital equipment with the commencement of the distribution of orthopaedic implants manufactured by Stryker Corporation, one of the world leaders in this field. This business is now generating consistent incremental monthly sales of MYR 1.2 million. Coupled with recent Malaysian government economic stimulus packages centred on major healthcare infrastructure, the Company is well positioned with an outlook for sustained growth.

Despite present economic conditions, the Company's Innovative Products business unit, which comprises manufacturing, research and development and sales and marketing operations, continues to deliver consistent results that have been enhanced by a favourable exchange rate against the U.S. dollar. Full year sales growth is expected to exceed 25% over last year and while the Company acknowledges the impact and variability of currency gains; the underlying volume growth is robust and is expected to continue as the Company seeks to expand into new market segments.

With the Board having taken the decision to write down previously capitalised project expenses, the Company has now moved to realign resources to ensure that new product development opportunities are funneled through a streamlined but nonetheless rigorous process. With the introduction of a Portfolio Management structure the Company will be able to assess more product development opportunities in a shorter timeframe and at a lower cost. This new structure will also ensure that the life cycle of existing products is effectively managed, reducing the impact of competitors by ensuring that the Company is ahead of the market in developing new products through line extension or new product development.

Having endured protracted teething problems associated with the operation of the Company's Ethylene Oxide Sterilisation system the Company's Healthcare Australia business unit has yet to achieve operational breakeven point. With these issues now largely resolved, management is focused on streamlining operations to ensure that the organisation realises the full potential of this business. The Australian Custom Procedure Pack market is relatively immature with an estimated total present value of AUD 165 million. However, with a growth rate exceeding 12% per annum in a market where only 10% of hospitals have transitioned to the use of outsourced procedure packs there is substantial untapped potential to be realised through efficient operations. In building this platform for future profitability the Company is now manufacturing some pack components in-house at the Company's Malaysian manufacturing operations. This is an initiative that will expand in scope over the coming months providing the Australian operations with more competitively priced products and an opportunity to develop proprietary products that can be sold as stand-alone products and pack components, further enhancing the competitive positioning and profitability of the Company's Custom Procedure Packs.

In summary, the Company has a solid base business and sound opportunities for sustainable growth and profitability.

Brian Andrews
Chief Executive Officer

ASX: ITD, www.itl-limited.com) is a diversified company within the healthcare industry. Specialising in innovative medical devices and procedure packs for global healthcare markets, ITL manufactures in Australia and Malaysia, and has sales offices in Australia, North America, Europe and Asia. ITL's patented medical devices have a presence in over 35 countries and protect healthcare workers in millions of procedures annually. ITL supplies its range of customised procedure packs to over 200 hospitals across Australia, and within Asia supplies procedure packs, capital equipment and instruments to over 160 hospitals.