

## ITL MARKET UPDATE

As previously advised, 2013/14 is a year of consolidation and investment for the future so as to position the ITL Group for enhanced profitability going forward.

In mid February, we reported that ITL's profit after tax for the half year ended 31 December 2013 was \$1.2m or 17% below the December 2012 half year.

During the June 2014 quarter, performance has been below expectations and a full year profit after tax of around \$1.9m is currently forecast. This result is approximately 25% below the 2012/13 profit of \$2.46m.

June quarter results have been adversely impacted by a range of factors including:

- Reduced Healthcare Australia margins due to recent changes in sales mix and competitive pressures;
- Lower Healthcare Australia production given subdued sales levels;
- Adverse impact of strengthening AUD on USD revenue streams for the Innovative Products Group; and,
- Onceoff expenses associated with the acquisition and expansion of the newly acquired manufacturing plant in Malaysia.

New sales opportunities continue to be successfully pursued. Healthcare Australia is now supplying W.A. public hospitals with increasing volumes of intravenous cannula insertion packs. As a supplier of custom sterile packs, Healthcare Australia is also progressively increasing its market share in NSW public hospitals. In addition, the Innovative Products Group has a number of well advanced new business opportunities.

The Group has also launched a major initiative to reduce costs through outsourcing of basic operations from Australia to Malaysia and improved sourcing of key raw materials from Asia.

Innovative Products Group's Malaysian manufacturing company's quality system was inspected by the US Food and Drug Administration (FDA) in April 2014. The FDA is known for its thorough inspections and very high standards and this was the first time our manufacturing facility has been inspected despite supplying products into the US market for in excess of 10 years. The audit was passed successfully with no significant findings.

**ITL Limited ABN 16 088 212 088**  
**Unit 1, 63 Wells Road**  
**Chelsea Heights, Victoria, 3196**

ITL is a diversified healthcare company, 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, 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 medical procedure packs to over 200 hospitals across Australia.

### Australian Securities Exchange

Code: ITD

### Ordinary Shares

82,760,307

### Board of Directors

Bill Mobbs	Executive Chairman
Sanjay Sehgal	Non-executive Director
Andrew Turnbull	Non-executive Director

Trevor Doolan	Company Secretary
David Holden	Chief Financial Officer

### ITL Contact

Trevor Doolan	Company Secretary
Phone:	+61 3 8773 3050
Email:	<a href="mailto:info@itl-limited.com">info@itl-limited.com</a>

**[www.itl-limited.com](http://www.itl-limited.com)**

In December 2013, ITL completed the acquisition for \$1.4m of an existing modern medical device factory with clean rooms at Bemban in Malaysia. Our existing facilities at Lahat are significantly space constrained and relocation to this substantially larger facility will provide a long term solution for the expansion plans of the Innovative Products Division. The overall Group will also benefit through the planned relocation of some business from Healthcare Australia to this new Malaysian facility.

The expansion and renovation of this new Malaysian facility at a cost of approximately \$2.0m is progressing well. Completion and relocation from the existing facility is planned for the end of this calendar year.

Funding for this capital expenditure and working capital growth is being provided by ongoing operating cash flow generation together with increased term loan funding facilities of \$1.65m which have been approved by our banks.

On 24 June 2014 a Sale & Purchase Agreement (subject to regulatory approvals) was executed for the sale of our existing Malaysian leasehold land and buildings at Lahat. The sale price is above the book value of \$1.1m. These funds will substantially be used to pay down existing debt in Malaysia.

Recently the Group's Australian businesses have finalised the 2012/13 income tax return and a number of previously outstanding tax issues. This has resulted in the unused tax losses at 30/6/13 increasing from the previously reported figure of \$4.9m to \$6.8m.

In summary, despite short term performance being below expectations, following this period of consolidation and investment the Group will be well positioned to improve future returns to shareholders.



Bill Mobbs  
Executive Chairman  
24 June 2014