

APPENDIX 4D – Half year report

IDT Australia Limited
ASX Half Year report – 31 December 2016

Contents	Page
Results for Announcement to the Market	2
Results Commentary	3
Other Appendix 4D Information	4

Results for Announcement to the Market

Periods

Report for the half year ended 31 December 2016

Previous corresponding period is the financial year ended 30 June 2016,
and the half year ended 31 December 2015

				\$'000
Revenue from ordinary activities	Up	62%	to	4,892
Profit/(loss) from ordinary activities after tax attributable to members	Down (*)	14%	to	(2,808)
Net profit/(loss) for the period attributable to members	Up		to	11,729 (relative to prior period loss \$3,538)

(*) reduction in reported loss

Following the divestment of CMAX, the operations of this business unit have been recategorised as a discontinued operation and a one time profit on disposal of \$14.4m recognised.

As a discontinued operation, CMAX's revenues and profits have been excluded from reported Revenue and Profit from ordinary operations for both the half year ended 31 December 2016 and the comparative period ended 31 December 2015.

There are **no dividends** proposed or declared for the period.

Results Commentary

The financial information provided in the Appendix 4D should be read in conjunction with the half-year financial statements and Directors' report, prepared in accordance with Australian Accounting Standards.

First half highlights:

- Completed divestment of the initial 61% of CMAX
- Launched temozolomide, being the first of the Company's portfolio of finished dose form proprietary products
- Continued proprietary product development program to support further product launches in 2017 and subsequent years
- Facility redevelopment projects commenced.

In October, the Company announced the divestment of the CMAX Clinical Trial business unit for consideration of \$14 million plus earn out provisions. The conditions precedent of this transaction were satisfied in December and consequently the initial cash payment of \$10 million for the first 61% of the business was received. A second payment of \$4 million plus an additional balance receivable should forecasted revenues be achieved over the financial year ended 30 June 2017, becomes due in the next 12 months to complete divestment of the remaining 39% of the business.

This divestment simplifies IDT's core business and enables resources to be focused on commercialisation of the Company's proprietary generic portfolio and supporting infrastructure projects at Boronia. Upgrade of the laboratory has been commenced with more than \$1 million planned to be spent, with support from the Victorian Government's Future Industries Manufacturing Program. New tableting and blending equipment are also being purchased and commissioned in order to upgrade the Company's manufacturing capability and capacity.

In October 2016, IDT achieved a significant milestone through the first shipment of temozolomide to its US distribution partner, Mayne Pharma Group, as this product represents the Company's first proprietary generic product to be launched. The first products from the bundle of 23 ANDA products acquired are planned for launch in the second half of this financial year with further products under development as part of the Company's proprietary portfolio strategy.

Other Appendix 4D Information

Net Tangible Assets per Security

	2016	2015
Net tangible asset per security as at 31 December	15¢	11¢

Controlled entities acquired or disposed of

On 28 October 2016, the Company announced that I'rom Group Co., Ltd. would acquire the CMAX Clinical Trial business which historically has been operated as a business unit of IDT Australia Ltd. In order to effect this transaction assets and liabilities associated with CMAX were transferred into a new subsidiary of IDT Australia Ltd, CMAX Clinical Research Pty Ltd (CCR) and I'rom acquired 61% of the shares of CCR on 15 December 2016.

IDT has received cash payments totalling \$10,000,000 as consideration for the initial 61% of CCR. A second payment for the remaining 39% will be a minimum of \$4,000,000 and is expected to increase subject to an earn-out provision based on CMAX exceeding a specified revenue target for the year ending 30 June 2017.

Associates and Joint Venture Entities

IDT retains 39% of CMAX Clinical Research Pty Ltd until after 30 June 2017.

Discontinuing Operations

CMAX has been categorised as a discontinued operation and the comparatives for the half year ended 31 December 2015 have been restated.

The operating profit of the CMAX business unit to the date of disposal was \$166k relative to a prior period loss of \$272k.

Foreign Entity Accounting Standards

Not applicable

Audit

The financial report has been independently reviewed. The financial report is not subject to a qualified independent review statement or an emphasis of matter. The independent audit review report is attached to the financial statements.