

**IDT Australia Limited**  
**ASX Preliminary final report – 30 June 2015**

(Previous corresponding period is the year ended 30 June 2014)

Lodged with the ASX under Listing Rule 4.3A

<b>Contents</b>	<b>Page</b>
Results for Announcement to the Market	2
Report of Directors on Financial Results	3
Preliminary Statement of Comprehensive Income	4
Preliminary Statement of Financial Position	6
Preliminary Statement of Changes in Equity	8
Preliminary Statement of Cashflow	9
Other Appendix 4E Information	11

**Results for Announcement to the Market**

				<b>\$'000</b>
<b>Revenue</b> from ordinary activities	<b>increased</b>	18%	to	<b>15,720</b>
<b>Profit/(loss)</b> from ordinary activities before tax attributable to members	<b>decreased</b>	51%	to	<b>(3,209)</b>
<b>Net profit/(loss)</b> for the period attributable to members	<b>decreased</b>	55%	to	<b>(2,992)</b>

<b>Dividends/distributions</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
Interim dividend	-	-
Final dividend	-	-
Total dividend for year	-	-
Total dividend for previous corresponding year	-	-

## **Report of Directors on Financial Results**

Directors are pleased to report an improved financial result for the year ended 30 June 2015 with annual operating revenues increasing by 18% and a considerable reduction in Net Loss after Tax. Additionally, the second half saw a marked step up in income generating activity against the first half, translating into a small Profit after Tax for that period.

With firmed orders in hand well into 2016, this increased activity is expected to be sustained into the new financial year.

These headline financial results reflect the deployment of our growth strategy and for the coming financial year focus will continue to be around our three pillars:

- Organic growth of base business
- Proprietary product acquisition
- New purpose built facility for CMAX.

### **Organic Growth of Base Business**

This year has evidenced a turn around in IDT's traditional drug and clinical service businesses, with efforts to grow the business development pipeline bearing fruit. CMAX revenues grew by 12%, continuing the solid growth trajectory our clinical business demonstrated for the past two years. Our Boronia site based contract service and manufacturing business grew by 30% year on year, achieved without increased operational expenses, representing a solid platform for the company's growth.

### **Proprietary Product Acquisition**

In December 2014, the Company acquired 23 approved generic products with an addressable market of US\$538m (IMS Health June 2015) from a large multi-national. Manufacture of trial batches has commenced in preparation for full regulatory batches and these development and manufacturing activities are supported by the appointment of ANI Pharmaceuticals Inc as our US distribution partner. As these products enter the market through 2016, plant utilisation at Boronia will continue to increase, leveraging our manufacturing and quality capabilities and building on our established revenue base.

Additionally the company will continue its internal product development activities, such as temozolomide where the Company anticipates marketing approval for the product to be received from FDA in late 2016 or early 2017, and the Company will continue to assess potential acquisition opportunities which may complement the proprietary product bundle.

### **New CMAX Facilities**

The lease at our current location ceases in April 2016 due to closure of the old Royal Adelaide Hospital in South Australia. We have located a new site in close proximity to the new Royal Adelaide Hospital in the South Australian medical innovation precinct. Design and planning work has commenced in preparation for construction in the first half of this year and the move itself early next year. This new purpose designed and built clinical facility will be the newest, largest and most sophisticated clinical trials unit in Australia when it is completed in early 2016.

**Appendix 4E**  
**Preliminary final report**  
**Period ending 30 June 2015**

IDT Australia Limited  
Preliminary Statement of Comprehensive Income

	<b>2015</b>	<b>2014</b>
	<b>\$000</b>	<b>\$000</b>
Revenue from ordinary activities	15,720	13,374
Raw materials	974	2,886
Employee benefits expense	9,560	8,947
Depreciation and amortisation expense	2,267	2,321
Impairment of development costs	-	621
Borrowing costs expense	45	31
Utilities	741	778
Repairs and maintenance	702	684
Subject and Screenings	2,510	1,197
Insurance	317	355
Waste removal	54	70
Consumables	148	152
Travel	200	181
Share registry	52	65
Accounting	100	125
Consultants	315	291
Rent	274	262
Other expenses	670	991
(Loss) before income tax	<u>(3,209)</u>	<u>(6,583)</u>
Income tax (benefit)	<u>(217)</u>	<u>43</u>
(Loss) for the year	<u><u>(2,992)</u></u>	<u><u>(6,626)</u></u>
Other comprehensive Income		
Items that will not be reclassified to profit or loss:		
Revaluation gain on Land & Buildings	207	-
Income tax relating to components of other comprehensive income	<u>(62)</u>	<u>-</u>
Total comprehensive income	<u><u>(2,847)</u></u>	<u><u>(6,626)</u></u>
Basic earnings per share	(2.2¢)	(9.5¢)
Diluted earnings per share	(2.2¢)	(9.5¢)

**Appendix 4E**  
**Preliminary final report**  
**Period ending 30 June 2015**

IDT Australia Limited  
Notes to the Preliminary Statement of Comprehensive Income

	<b>2015</b>	<b>2014</b>
	<b>\$000</b>	<b>\$000</b>
<b>REVENUE</b>		
Sales revenue	15,703	13,171
Other revenue		
- Government grants	5	67
- Interest	12	64
- Sale of property, plant and equipment	-	-
- Royalties	-	72
	<u>17</u>	<u>203</u>
Total Revenue	<u>15,720</u>	<u>13,374</u>

**EXPENSES**

Loss from ordinary activities before income tax expense includes the following expenses:

Cost of goods sold	4,638	4,943
Finance charges relating to finance leases	5	6
Depreciation of property, plant and equipment	2,146	2,202
Amortisation		
- Finance leases capitalised	27	28
- Development costs	94	91
Repairs and maintenance	702	684
Impairment of development costs	-	621
Net foreign currency loss	101	7

**INCOME TAX**

(a) **Income Tax expense**

Current tax	(430)	(63)
Deferred tax	182	-
Under (over) provided in prior years	<u>31</u>	<u>106</u>
	(217)	43

**Appendix 4E**  
**Preliminary final report**  
**Period ending 30 June 2015**

IDT Australia Limited  
Preliminary Statement of Financial Position

<b>ASSETS</b>	<b>2015</b>	<b>2014</b>
	<b>\$000</b>	<b>\$000</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	129	2,415
Trade and other receivables	3,775	1,916
Current tax asset	430	169
Inventories	503	647
<b>TOTAL CURRENT ASSETS</b>	<u>4,837</u>	<u>5,147</u>
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	19,923	21,210
Deferred tax assets	-	-
Intangible assets	18,440	1,938
<b>TOTAL NON CURRENT ASSETS</b>	<u>38,363</u>	<u>23,148</u>
<b>TOTAL ASSETS</b>	<u>43,200</u>	<u>28,295</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	2,241	1,432
Borrowings	436	39
Provisions	1,164	1,048
<b>TOTAL CURRENT LIABILITIES</b>	<u>3,841</u>	<u>2,519</u>
<b>NON CURRENT LIABILITIES</b>		
Borrowings	18	49
Provisions	136	176
<b>TOTAL NON CURRENT LIABILITIES</b>	<u>154</u>	<u>225</u>
<b>TOTAL LIABILITIES</b>	<u>3,995</u>	<u>2,744</u>
<b>NET ASSETS</b>	<u>39,205</u>	<u>25,551</u>
<b>EQUITY</b>		
Contributed equity	39,287	22,877
Reserves	3,801	3,565
Retained profits / (accumulated losses)	<u>(3,883)</u>	<u>(891)</u>
<b>TOTAL EQUITY</b>	<u>39,205</u>	<u>25,551</u>

**Appendix 4E**  
**Preliminary final report**  
**Period ending 30 June 2015**

Notes to the Preliminary Statement of Financial Position

	<b>2015</b>	<b>2014</b>
	<b>\$000</b>	<b>\$000</b>
<b>CURRENT ASSETS – CASH AND CASH EQUIVALENTS</b>		
Cash at bank and on hand	129	2,415
<b>CURRENT ASSETS – TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	3,334	1,493
Other receivables	9	79
Prepayments	432	344
	<u>3,775</u>	<u>1,916</u>
<b>CURRENT ASSET - CURRENT TAX ASSET</b>		
Income tax receivable	430	169
<b>CURRENT ASSETS – INVENTORIES</b>		
Raw materials - at cost	347	462
Work in progress - at cost	156	185
	<u>503</u>	<u>647</u>
<b>NON CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Land and Buildings</b>		
Freehold land (at fair value)	4,380	4,380
Buildings (at fair value)	4,920	4,920
Less: Accumulated depreciation	(35)	(124)
<b>Total Land and Buildings</b>	<u>9,264</u>	<u>9,176</u>
<b>Plant and Equipment</b>		
Plant and equipment – at cost	39,134	38,912
Less: Accumulated depreciation	(28,920)	(26,973)
Capital Work in Progress	383	-
	<u>10,597</u>	<u>11,939</u>
<b>Plant and Equipment under Finance Lease</b>		
Capitalised cost	106	130
Less: Accumulated amortisation	(44)	(35)
	<u>62</u>	<u>95</u>
<b>Total Plant &amp; Equipment</b>	<u>10,659</u>	<u>12,034</u>
<b>Total Property, Plant and Equipment</b>	<u>19,923</u>	<u>21,210</u>
<b>NON CURRENT ASSETS – INTANGIBLE ASSETS</b>		
Intangible Assets separately acquired	15,704	-
Development expenditure capitalised	3,636	2,744
Less: Accumulated amortisation development costs	(900)	(806)
	<u>18,440</u>	<u>1,938</u>
<b>CURRENT LIABILITIES – TRADE AND OTHER PAYABLES</b>		
Trade payables	847	574
Other payables	1,394	858
Total current liabilities	<u>2,241</u>	<u>1,432</u>
<b>CURRENT LIABILITIES – BORROWINGS</b>		
Lease liabilities	31	39
Commercial loan	405	-
Total current borrowings	<u>436</u>	<u>39</u>
<b>NON CURRENT LIABILITIES - BORROWINGS</b>		
Lease liabilities	18	49
Total non current borrowings	<u>18</u>	<u>49</u>

**Appendix 4E**  
**Preliminary final report**  
**Period ending 30 June 2015**

IDT Australia Limited  
Preliminary Statement of Changes in Equity

	<b>Contributed Capital</b>	<b>Asset Revaluation Reserve</b>	<b>Share- based Payment Reserve</b>	<b>Retained Profits / (Accumulated Losses)</b>	<b>Total Equity</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Balance at 1 July 2014</b>	<b>22,877</b>	<b>1,552</b>	<b>2,013</b>	<b>(891)</b>	<b>25,551</b>
Profit / (loss) for the year	-	-	-	(2,992)	(2,992)
Shares issued during the year	17,016	-	-	-	17,016
Transaction costs	(606)	-	-	-	(606)
Vesting of arrangements involving limited recourse loans	-	-	91	-	91
Fair value adjustment to accumulated depreciation relating to valuation	-	145	-	-	145
<b>Balance at 30 June 2015</b>	<b>39,287</b>	<b>1,697</b>	<b>2,104</b>	<b>(3,883)</b>	<b>39,205</b>



**Appendix 4E**  
**Preliminary final report**  
**Period ending 30 June 2015**

IDT Australia Limited  
Preliminary Statement of Cashflow

	<b>2015</b>	<b>2014</b>
	<b>\$000</b>	<b>\$000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	13,868	14,989
Payments to suppliers and employees	(15,774)	(16,862)
	<u>(1,906)</u>	<u>(1,873)</u>
Interest and other costs of finance paid	(45)	(38)
Income taxes (paid) / refund	153	271
Interest received	12	64
<b>NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES</b>	<u>(1,786)</u>	<u>(1,576)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(682)	(221)
Proceeds from sale of property, plant and equipment	2	22
Payments for development costs	(892)	(291)
Payments for purchased Intangible Assets	(15,704)	-
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>	<u>(17,276)</u>	<u>(490)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity	17,016	6,260
Payments for issue of equity	(606)	(414)
Repayment bills payable	-	(1,850)
Proceeds from borrowings	397	-
Repayment of lease liabilities	(31)	(93)
<b>NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES</b>	<u>16,776</u>	<u>3,903</u>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS HELD</b>		
	(2,286)	1,837
Cash and cash equivalents at the beginning of the financial year	<u>2,415</u>	<u>578</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<u>129</u>	<u>2,415</u>

**Appendix 4E**  
**Preliminary final report**  
**Period ending 30 June 2015**

IDT Australia Limited  
 Note to Preliminary Statement of Cashflow

	<b>2015</b>	<b>2014</b>
	<b>\$000</b>	<b>\$000</b>
<b>RECONCILIATION OF NET CASH INFLOW FROM OPERATING ACTIVITIES TO OPERATING LOSS AFTER INCOME TAX</b>		
Net cash (outflow) from operating activities	(1,786)	(1,576)
Depreciation and amortisation	(2,268)	(2,321)
Impairment of development costs	-	(621)
Non-cash share based payment	(91)	(302)
Change in operating assets and liabilities		
(Decrease)/Increase in receivables	1,858	(1,748)
(Decrease)/Increase in inventories	(144)	(28)
(Decrease)/Increase in current tax asset	261	(102)
(Increase)/Decrease in payables	(808)	230
(Increase)/Decrease in provision for deferred income tax	62	-
(Increase)/Decrease in other provisions	(76)	(158)
Operating (loss) after income tax	<u>(2,992)</u>	<u>(6,626)</u>

**Appendix 4E**  
**Preliminary final report**  
**Period ending 30 June 2015**

IDT Australia Limited  
Other Appendix 4E Information

**Changes in accounting policy**

No changes in accounting polict

**Segment note**

The company operates in the pharmaceutical industry and in one geographic area, being Australia.

**Discontinuing operations**

Nil

**Events occurring after reporting date**

On 12 August 2015 ANI Pharmaceuticals Inc, were appointed as US distributors for 18 of the 23 ANDA's acquired from Sandoz in December 2014. A signing milestone of US\$1m has been received and further milestones become receivable as the products are reapproved by the FDA.

On 8 July 2015, the commercial loan facility with National Australia Bank Limited was increased by \$0.5m to \$3.25m and extended to 31 October 2016. The \$1.0m overdraft facility remains unchanged.

**Additional dividend/distribution information**

Directors resolved not to pay a dividend.

**Dividend/distribution reinvestment plans**

Not Applicable

**Retained Earnings**

Retained profits at the beginning of the financial year	(891)
Net (loss) attributable to members of IDT Australia Limited	(2,992)
Dividends provided for or paid	-
Retained profits / (accumulated losses) at the end of the financial year	(3,883)

**NTA Backing**

	2015	2014
Net tangible asset backing per ordinary share	\$0.11	\$0.31

**Controlled entities acquired or disposed of**

Not applicable

**Associates and Joint Venture entities**

Not applicable

**Foreign Accounting standards**

Not applicable.

**Audit**

This report is based on accounts that have been audited. Directors do not expect any adjustments to the content of this Appendix 4E.

For further information contact:

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