

APPENDIX 4D

IDT Australia Limited
ASX Half Year report - 31 December 2014

Lodged with the ASX under Listing Rule 4.2A.3

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Results for Announcement to the Market

				\$'000
Revenue from ordinary activities	down	28%	to	6,149
Profit/(loss) from ordinary activities after tax attributable to members	down	42%	to	(3,081)
Net profit/(loss) for the period attributable to members	down	42%	to	(3,081)

Dividends/distributions	Amount per security	Franked amount per security
No dividends paid or proposed	-	-

Record date for determining entitlements to the dividend

N/A

Periods

Current Period – Six months ended 31 December 2014

Previous Corresponding Period – Six months ended 31 December 2013

Report of Directors on Financial Results

Consistent with company plans at the commencement of the financial year, the operational result for the first half of the current financial year does not show improvement relative to the same period of the previous financial year and the Company incurred a loss before tax of \$2.836 million and negative cash flows from operations of \$3.008 million which was not only impacted by low revenues but also temporary delays in the collection of certain trade receivables.

Firmed customer commitments are in hand to support the step up in activity, particularly at the Boronia manufacturing campus, from the second half to be matched with a solid improvement in profitability for the remainder of the current financial year and thereafter.

The Company is not only pursuing organic sales growth opportunities but has a core strategy of developing and acquiring new products in order to leverage existing manufacturing facilities and capabilities. The acquisition of 23 previously marketed US generic drugs on 19 December 2014 is a key example of successful execution of this strategy, repositioning the Company as a manufacturer and supplier of its own specialty generic drugs. These products will materially increase future plant utilisation, expanding revenues, margins and profitability.

This product acquisition was funded by a capital raising of \$17.015 million, supporting the initial contract payments of US\$13.5 million funding integration of these products to IDT's Melbourne manufacturing facility.

The Company will adopt a phased strategy of commercialisation with molecules to be prioritised according to key selection criteria such as addressable market, regulatory complexity and availability of key raw materials to support stability batches. Commercialisation has commenced with the manufacture of stability batches for the first molecule to commence next month, being a major step in the process of gaining FDA approval.

Associated with the acquisition of the 23 ANDA's, payment of US\$1.5 million is contingent on the company receiving the first FDA marketing re-approval. Re-approval of the first molecule is expected to be achieved in the first half of the 2016 calendar year with payment due at that time. An additional three US\$1.0 million milestones are payable on achievement of cumulative sales milestones which are expected to be self-funding over a number of years.

Noting the most recent financial results, these financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. Directors believe this to be appropriate given forward forecasts (including cash flow forecasts and

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forward sales orders) indicate that the activities of the base operations of Company are expected to increase for the half year ending 30 June 2015 and beyond.

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Condensed statement of profit or loss and other comprehensive income
for the half year ended 31 December 2014

	Half year ended	
	2014	2013
	\$ 000	\$ 000
Revenue	6,149	8,505
Raw materials and consumables used	292	512
Employee benefits expense	4,048	4,548
Recruitment and training	55	130
Repairs and maintenance	327	310
Depreciation and amortisation expenses	1,134	1,299
Finance costs	18	34
Utilities	361	332
Subject and screening costs	1,506	2,291
Travel	48	51
Rent	181	152
Consultants	240	354
Insurance	158	183
Other operating expenses	617	568
Loss from period before income tax benefit	(2,836)	(2,259)
Income tax benefit	245	83
Loss attributable to members of IDT Australia Limited	(3,081)	(2,176)
Other comprehensive income	-	-
Total comprehensive loss for the half year	(3,081)	(2,176)
Earnings per share	Cents	Cents
Basic earnings per share	(3.3)¢	(3.1)¢
Diluted earnings per share	(3.3)¢	(3.1)¢

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Condensed statement of financial position
as at 31 December 2014

	31 December	30 June
	2014	2014
	\$ 000	\$ 000
Current assets		
Cash and cash equivalents	53	2,415
Trade and other receivables	3,168	1,916
Current tax asset	183	169
Inventories	509	614
Total current assets	<u>3,913</u>	<u>5,147</u>
Non-current assets		
Property, plant and equipment	20,301	21,210
Intangible assets	17,642	1,938
Deferred tax assets	-	-
Total non-current assets	<u>37,943</u>	<u>23,148</u>
Total assets	<u>41,856</u>	<u>28,295</u>
Current liabilities		
Bank overdraft	461	-
Trade and other payables	1,226	1,432
Borrowings	36	39
Provisions	1,022	1,048
Total current liabilities	<u>2,745</u>	<u>2,519</u>
Non-current liabilities		
Borrowings	32	49
Provisions	154	176
Total non-current liabilities	<u>186</u>	<u>225</u>
Total liabilities	<u>2,931</u>	<u>2,744</u>
Net assets	<u>38,925</u>	<u>25,551</u>
Equity		
Issued capital	39,288	22,877
Reserves	3,609	3,565
Retained earnings / (accumulated losses)	(3,972)	(891)
Total equity	<u>38,925</u>	<u>25,551</u>

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Condensed statement of cash flows
 For the half year ended 31 December 2014

	Half year ended	
	2014	2013
	\$ 000	\$ 000
Cash flows from operating activities		
Receipts from customers	4,887	7,794
Payments to suppliers and employees	(7,888)	(7,837)
Interest received	11	18
Interest and other costs of finance paid	(18)	(33)
Net cash used in operating activities	<u>(3,008)</u>	<u>(58)</u>
 Cash flows from investing activities		
Payments for property, plant & equipment	(195)	(65)
Payments for intangible assets	(15,752)	(145)
Proceeds from sale of property, plant & equipment	-	11
Net cash used in investing activities	<u>(15,947)</u>	<u>(199)</u>
 Cash flows from financing activities		
Repayment of borrowings	(21)	(1,898)
Proceeds from share issue	16,151	5,616
Net cash provided by financing activities	<u>16,130</u>	<u>3,718</u>
 Net increase/(decrease) in cash held	 (2,825)	 3,461
Cash at the beginning of the reporting period	2,415	578
Cash and cash equivalents / (bank overdraft) at the end of the period	<u>(410)</u>	<u>4,039</u>

Changes in accounting policies

NIL

Fundamental errors

NIL

Extraordinary items

NIL

Segment note

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

Discontinuing operations

NIL

Events occurring after reporting date

NIL

Additional dividend/distribution information

Details of dividends/distributions declared or paid during or subsequent to the year ended 31 December 2014 are as follows:

The directors do not recommend payment of an interim dividend.

Dividend/distribution reinvestment plans

Not Applicable

NTA Backing

	2014	2013
Net tangible asset backing per ordinary share as at 31 December	11¢	55¢

Following capital raising and issue of 113.4 million shares in order to acquire 23 US generic products purchase with \$15.7 million paid in the reporting period.

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 the half year financial report which has been subject to an independent review.