Appendix 4E

IDT Australia Limited
ASX Preliminary final report for the year ended 30 June 2019
Lodged with the ASX under Listing Rule 4.3A

Results for Announcement to the Market

				$'000
Revenue from ordinary activities	**down**	9%	to	**12,130**
Net loss after tax for the period attributable to members	**down**	64%	to	**(6,083)**

Dividend Information – no interim or final dividends have been declared or recommended for the financial year ended 2019 (nil 2018).

Net tangible assets per security as at 30 June 2019 $0.10 (2018: $0.13).

Additional Appendix 4E disclosure requirements can be found in the Annual Report which contains the Report of the Directors and the 30 June 2019 Financial Statements and accompanying notes.

This report is based on the Financial Statements which have been audited by Deloitte Touche Tohmatsu.

Highlights
The table below, which includes non-IFRS information, isolates key one time transactions from the reported results to show that the underlying profitability is slightly improved when considered on a year on year basis:

	30 June 2019 $000	30 June 2018 $000
Reported revenue	12,130	13,300
Reported net profit / (loss) after tax	(6,083)	(16,979)
FDA Warning Letter remediation expenses	1,357	-
Impairment of intangible assets	-	14,144
Loss on divestment surplus plant and equipment	530	-
Reduction in income tax benefit	1,560	-
Underlying profit / (loss)	(2,636)	(2,835)

Whilst total revenue was down $1.307 million on a year on year basis, income earned from fee for service research and development services and manufacture of active pharmaceutical ingredients increased by $0.406 million, 4%.

IDT divested its portfolio of non-specialised generic products in April 2018, which together with continued increased competitiveness in the U.S. market for Temozolomide, contributed to a reduction in finished dose form revenues totalling $1.382 million.

In May 2019, IDT announced that the Australian Government Department of Health - Office of Drug Control granted the Company a Medicinal Cannabis Manufacturing Licence under the *Narcotic Drugs Act 1967*. The licence allows IDT to manufacture and perform activities relating to such manufacture (such as package, supply, store, destroy and transport) extracts and tinctures of cannabis resin in the Company's GMP facilities. This license was complemented by the issuance of the Company's first medicinal cannabis manufacturing permit in August 2019. To date IDT has secured two strategic manufacturing and product development partnerships in medicinal cannabis and the Company has the manufacturing facilities and requisite licensure in place to capitalise on this emerging market in the coming years.

IDT received a Warning Letter from the U.S. Food and Drug Administration (FDA) in May 2018 and a remediation action plan was presented to the FDA in July 2018. The plan contained a comprehensive list of activities directed at fully addressing the concerns expressed by the FDA. The Warning Letter remediation plan and audit readiness activities included engagement of external contractors and consultants as well as the efforts of many members of IDT's quality, operations and infrastructure teams. It is estimated that the Warning Letter remediation expenses incurred through 2019 totalled $1.357 million plus $0.216 million capital expenditure (2018: nil).

The FDA re-inspected IDT's facilities and quality systems during the period 20-31 May 2019. In August 2019 IDT received official correspondence from the FDA that this inspection is now closed and the FDA determined that the inspection classification of IDT's facilities be restored from Official Action Indicated (OAI) to Voluntary Action Indicated (VAI), and that further correspondence, including details for the closeout of the Warning Letter will be forthcoming.

As the Warning Letter included no enforcement action (such as a U.S. import ban), performance of IDT's existing manufacturing and development contracts were for the most part unaffected; however as a fee for service contract manufacturer, having a Warning Letter in place created uncertainty which the Company believes influenced IDT's ability to win and execute new projects.

Following divestment of the non-specialised generic products, surplus tableting equipment was monetised and finance leases repaid, resulting in a onetime loss on disposal of $0.530 million. The disposal of this surplus tableting equipment will however deliver future operating cost savings through avoidance of future finance lease commitments, depreciation and equipment maintenance whilst also freeing manufacturing space for more productive activities. Cessation of proprietary product development activities associated with these divested non-specialised generic products also resulted in a material reduction in IDT's product development expenditure and the estimated value receivable under the Federal Government's R&D Tax Concession Incentive.

Through an On Market Share Buyback and Small Parcel Share Buy Back, $1.644 million equity was returned to shareholders.