

# APPENDIX 4D – Half year report

IDT Australia Limited  
ASX Half Year report – 31 December 2019

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## **Results for announcement to the market**

### **Periods**

Report for the half year ended 31 December 2019  
Previous corresponding period is the financial year ended 30 June 2019,  
and the half year ended 31 December 2018

				\$'000
<b>Revenue</b> from ordinary activities	Up	10%	to	7,159
<b>Loss</b> from ordinary activities after tax attributable to members	Down (*)	51%	to	(1,183)
<b>Loss</b> for the period attributable to members	Down (*)	51%	to	(1,183)

(\*) reduction of reported loss

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.

Reported revenue increased by 10% over the comparable period totalling \$7.16million for the half year ended 31 December 2019 (31 December 2018 revenue \$6.51 million). As a consequence of this revenue improvement the net result of operations was a loss after tax of \$1.183million, representing a year on year improvement of 51% (31 December 2018 loss \$2.39million). Before interest, taxation, depreciation, amortisation and impairment the Company generated positive earnings of \$0.61million for the half year ended 31 December 2019 a turn around of greater than 150% from the corresponding loss of \$1.13million reported as at 31 December 2018.

Revenue of \$7.16million includes \$0.91million previously capitalised milestones which were recognised into current year revenue following termination of the temozolomide distribution agreement in December 2019. Excluding this one off adjustment, the underlying Revenue from operations would have been slightly lower than the prior corresponding reporting period by \$0.26million (-4%) but the drive for higher value / high margin activities has delivered an improved Gross Margin of \$0.36million (+8%).

The Company's focus on cost containment has resulted in total Operating Expenses, including Salaries, being \$0.58million lower than the previous December reporting period. \$0.31m of this reduction in cost relates to the prior period's remediation activities incurred in association with the U.S. Food and Drug Administration (FDA) Warning Letter.

Whilst alternate commercialisation options are being explored for temozolomide following termination of the distribution agreement, an Impairment expense of \$0.74million has been recognised to reduce the carrying value of this Intangible asset to nil.

Having achieved positive earnings before interest, tax, depreciation, amortisation and impairment, the improvement in the total loss before taxation is summarised in the table below. On a year on year basis the underlying profitability, excluding the impact of one time temozolomide adjustments, has improved by \$0.95million, 40%, from a loss of \$2.39million reported as at December 2018 to an underlying loss of \$1.45million as at 31 December 2019. This is attributable to factors including IDT's ongoing focus on securing high quality / higher margin manufacturing revenue streams as well as continued close operational cost control, as reflected in the reduction in operating expenses.

	<u>\$ 000</u>
Reported Loss before tax, December 2018	(2,392)
Improved Gross margin	362
Cost reduction	<u>583</u>
Underlying loss before tax	(1,447)
One time adjustments relating to temozolomide	
Revenue – previously capitalised milestones	910
Impairment Intangible asset	<u>(736)</u>
Net temozolomide adjustment	174
Reported Loss before tax December 2019	<u>(1,273)</u>

**Appendix 4D**  
**Half Year Report**  
**IDT Australia Limited (ACN 006 522 970)**  
**Period ending 31 December 2019**

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In August 2019 the FDA formally notified IDT that they had restored IDT's facility inspection classification. The Warning Letter was officially lifted by the FDA in September 2019.

IDT continues to make strong inroads into the medicinal cannabis space and in May 2019 IDT secured its own medicinal cannabis manufacturing licence from the Department of Health - Office of Drug Control to manufacture and store cannabis extract. In August 2019 IDT secured the first in a series of medicinal cannabis manufacturing permits which allow IDT to undertake extraction and purification activities which is a precursor to developing and manufacturing finished dose form medicinal cannabis products for both domestic and export markets.

In December 2019 the first cGMP dried medicinal cannabis flower in a bottle product was manufactured at IDT for a client and the first commercial scale batches of solvent extracted medicinal cannabis resin from Australian grown dried flower were completed. It is expected that this cGMP medicinal cannabis resin will be further processed by IDT for a client into cGMP cannabis oil and bottled for commercial sale.

In October 2018 the Board of Director's concluded that the Company held cash reserves which exceeded forecasted operational requirements. It was resolved to return excess funds to shareholders through a small parcel share buy-back and an on market share buy-back within the "10/12 limit" as defined by the *Corporations Act 2001*. In the financial year ended 30 June 2019, \$1.6million was returned to shareholders through these buy backs. No shares were purchased in this current reporting period and the on market share buy-back was formally concluded in October 2019.

## **Other Appendix 4D Information**

### **Net Tangible Assets per Security**

	2019	2018
Net tangible asset per security as at 31 December	10.0¢	11.6¢

### **Controlled entities acquired or disposed of**

None

### **Associates and Joint Venture Entities**

None

### **Discontinuing Operations**

None

### **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, modified opinion, emphasis of matter or other matter paragraph. The independent audit review report is attached to the financial statements.