IDT AUSTRALIA LIMITED

ANNUAL REPORT 2021

COMPANY INFORMATION

Directors

Alan Fisher
BCom, FCA, MAICD
Chair

Hugh Burrill
BSc, MScSt, MBA, FAICD

Mary Sontrop
BAppSci, Grad Dip Quality Management, Grad Dip Management (Health), MBA, FAICD

Michael Kotsanis
BSc, Grad Dip Business, MBus

Chief Executive Officer / Company Secretary

Dr David Sparling
BVSc (Hons), LLB (Hons), Grad Dip App Cor Gov

Chief Financial Officer / Company Secretary

Ancila Desai
B Com (Hons), CA, MBS, Executive MBA

Bankers
National Australia Bank Limited
Level 28, 500 Bourke Street,
Melbourne, VICTORIA 3000

Auditors
Deloitte Touche Tohmatsu
477 Collins Street
MELBOURNE, VICTORIA, 3000

Share Register
Link Market Services Limited
Tower 4, 727 Collins Street
MELBOURNE, VICTORIA, 3008

Stock Exchange
Australian Securities Exchange Limited
530 Collins Street
MELBOURNE, VICTORIA, 3000

(ASX Code: IDT)

CONTENTS

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Website Address
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LETTER FROM THE CHAIR AND CHIEF EXECUTIVE OFFICER

We are pleased to present the Annual Report for IDT Australia Limited ("IDT") for the year ended 30 June 2021. The Company has delivered on its stated goal of returning to profitability, booking its first operating profit since 2009. IDT has finished the year in a strong financial position and we are now continuing our focus on future strategic growth opportunities and sustainable profitability.

The year in review has presented some significant challenges associated with the global coronavirus pandemic. Throughout multiple Victorian lockdowns, IDT's manufacturing operations and laboratories remained fully operational. The Board and Executive Team would like to sincerely thank all of IDT's dedicated staff who worked tirelessly throughout what has been a very difficult but rewarding year.

Financial Highlights
Financial highlights for the year are dominated by IDT's return to operational profitability. The Company recorded a Net Profit After Tax of $2.1 million. This represents a year on year improvement of 209.6%. IDT's revenue for the year of $16.9 million represents a year on year growth of 19.5%. The Company finished the year with a strong cash balance of $6.9 million.

COVID-19 Treatment and Vaccine Initiatives
Despite multiple and protracted Victorian lockdowns, IDT's current Good Manufacturing Practices (cGMP) manufacturing operations and laboratories remained fully operational. IDT was called upon to assist the Australian Government with certain COVID-19 response activities in the early stages of the COVID-19 pandemic.

In August 2020, IDT made a formal submission to the Australian Government's COVID-19 Vaccine and Treatment Manufacture and Supply Chain Request For Information (RFI). In March 2021, the Company announced that it was working with the Australian Government Department of Health to undertake a feasibility assessment regarding the potential use of IDT's sterile fill and finish manufacturing facility to supplement Australia's production capability for a COVID-19 vaccine.

In June 2021, IDT announced that it was progressing discussions with the Victorian Government and Monash Institute of Pharmaceutical Sciences (MIPS) in relation to the Company potentially providing cGMP manufacturing services to progress the development of Australia's first locally developed mRNA COVID-19 vaccine candidate. In July 2021, IDT made a submission to the Australian Government's Onshore mRNA Manufacturing Capability: Approach To Market (ATM). In August 2021 the Company finalised a Letter Agreement with the Australian Government, Department of Health to bring IDT's sterile manufacturing facility into a state of readiness to potentially provide COVID-19 vaccine manufacturing services.

IDT continues to progress discussions with the Australian Government, the Victorian State Government, Monash University, Australian National University and others in relation to the sovereign manufacture of COVID vaccines and other therapeutics.

Australian Sovereign Pharmaceutical Manufacturing
IDT has continued to participate in discussions regarding critical dependencies in Australia's pharmaceutical supply chain. The global pandemic has highlighted the sovereign risk associated with outsourcing the manufacture of essential medicines, as evidenced by the shortages of certain pharmaceutical products, including more recently vaccines.

IDT has sterile fill and finish manufacturing facilities which can be immediately deployed. The Company is also one of Australia's last small remaining molecule Active Pharmaceutical Ingredient (API) contract developers and manufacturers, operating under the required cGMP regulations and as such we are aware of the need to retain these sovereign capabilities. IDT is advocating for Australia to revive and reinvigorate local capacity to bolster the Nation's pharmaceutical supply chain. The Company will continue to be part of the debate and to lobby for increased pharmaceutical supply chain resilience.

IDT Is Continuing To Execute On Its Medicinal Cannabis Manufacturing Plan
IDT made further progress on its Medicinal Cannabis Manufacturing Plan. The Company has developed its own proprietary medicinal cannabis API and finished dose form products, several of which are now commercially available.

In June 2021, the Company announced a commercial partnership with Clever Leaves Holding Inc. (NASDAQ: CLVR, CLVRW) for Clever Leaves to supply to IDT two varieties of bulk medicinal cannabis flower. IDT will package the flower in its cGMP certified facility and pending the successful completion of stability trials, the cGMP flower-in-bottle products will be launched through Australian distributors.

For the year ahead, IDT will continue to expand its range of proprietary medicinal cannabis products and further establish the Boronia manufacturing campus as a centre of excellence for GMP medicinal cannabis product manufacturing.

Senior Executive Renewal
In June 2020, the Company appointed Ms Ancila Desai to the role of Chief Financial Officer and Joint Company Secretary. Ms Desai has quickly become a high performing member of IDT's Executive Team with over 15 years of commercial experience, including senior finance roles at Metcash, Toll and Boost Juice.

The Year Ahead
Looking forward, focus will be on delivering on the Company's key strategic elements being: Re-establishing sterile manufacturing, playing a greater role in COVID-19 vaccines and other therapeutics, sovereign manufacturing, expanding the base contract development and manufacturing business, as well as making further progress on our Medicinal Cannabis Manufacturing Plan.

We will continue to build on this years' financial momentum with the primary goal being to bring the Company back to sustained profitability.

We thank shareholders for their continued support.

Alan Fisher
Chair

David Sparling
Chief Executive Officer

25 August 2021

REPORT OF THE DIRECTORS - 30 JUNE 2021 (Including Remuneration Report)

The Directors present their report, together with the financial report of the Company for the year ended 30 June 2021.

The following persons were Directors of IDT Australia Limited during or since the end of the financial year:

Alan Fisher - Chair	Hugh Burrill - Non-Executive Director
Michael Kotsanis - Non-Executive Director	Mary Sontrop - Non-Executive Director

All Directors held office during the whole of the financial year and since the end of the financial year.

Principal Activities

The principal activities of the Company through the course of the year were the supply of products and provision of research and development and other technical services within the pharmaceutical and allied industries.

Review of Operations

Total revenue for the year was $16.9 million (which includes $0.9 million of JobKeeper receipts), an increase of $2.8 million on a year on year basis. As a consequence of this revenue improvement coupled with stronger controls in procurement and manufacturing, the business reported an increase of 209.6% in reported net profit / (loss) after tax. The full year operating profit after tax of $2.1 million is the Company's first recorded operating profit since 2009.

Earnings per share were 0.9 cents, an increase of 1.7 cents for the year.

The Company was classified as an essential service and as such remained open and fully operational throughout the ongoing COVID-19 crisis. During the year IDT assisted the Australian Government with certain COVID-19 response activities. In August 2021 the Company finalised a Letter Agreement with the Australian Government, Department of Health to bring IDT's sterile manufacturing facility into a state of readiness to potentially provide COVID-19 vaccine manufacturing services.

IDT made several submissions to the Australian and Victorian Government during the year. In August 2020 IDT made a submission to the COVID-19 Vaccine and Treatment Manufacture and Supply Chain Request For Information (RFI). In June 2021 IDT announced that it was progressing discussions with the Victorian Government and Monash Institute of Pharmaceutical Sciences (MIPS) in relation to the development of Australia's first locally developed mRNA COVID-19 vaccine candidate. In July 2021 IDT made a submission to the Australian Government's Onshore mRNA Manufacturing Capability: Approach To Market (ATM).

During the year IDT made submissions and provided input to several Government Committees to advance the case for increased Australian sovereign pharmaceutical manufacturing. The Company stands at the ready to assist with Australia's critical pharmaceutical supply chain dependencies and has a set of capabilities and skill sets that are unique in the Australian pharmaceutical industry.

The Company continued to make good progress executing on its Medicinal Cannabis Manufacturing Plan. Several proprietary medicinal cannabis API and finished dose form products have been developed and are now commercially available. IDT has partnered with Clever Leaves Holding Inc. (NASDAQ: CLVR, CLVRW) to create two varieties of cGMP flower-in-bottle products which will be launched in the Australian market pending the successful completion of stability trials.

Summary of financial performance

	30 June 2021 $000	30 June 2020 $000	Movement
Revenue	16,927	14,169	2,758
Net profit / (loss) before tax	966	(1,981)	2,947
Net profit / (loss) after tax	2,103	(1,919)	4,022
Basic earnings per share	0.9¢	(0.8¢)	1.7¢
Diluted earnings per share	0.9¢	(0.8¢)	1.7¢

Financial position
At 30 June 2021, the Company had cash reserves of $6.9 million. This cash balance is further supported by an unutilised facility of $2.5 million with the National Australia Bank Ltd, which is next due for renewal on 31 July 2022. These cash reserves and debt facility are available to support the Company's execution of strategies and projects and to extend production and manufacturing capabilities.

Results
The net result of operations after applicable income tax was a profit of $2.1 million (2020: $1.9 million loss).

Dividends
No dividends were paid during the financial year. There are no dividends or distributions recommended or declared for payment to members.

Significant Changes in the State of Affairs
In the opinion of the Directors, there have been no significant changes in the state of affairs of the Company during the financial year not otherwise disclosed in this report or the financial statements.

Matters Subsequent to the End of the Financial Year
Throughout the course of the financial year the COVID-19 pandemic has continued to present challenges to day-to-day life as well as business and economic activity. The financial statements have been prepared based upon conditions existing at 30 June 2021, which included the impact of COVID on the business at that time. The Company considers the ongoing Government restrictions such as the Victorian and other State Government's rolling lockdowns and the present wave of COVID-19 Delta variant cases Australia wide to be non-adjusting post balance sheet events and accordingly the financial effects post year end of COVID-19 have not been reflected in the financial statements at 30 June 2021. The scale and duration of the COVID-19 pandemic and its associated business and economic disruptions remain uncertain as at the date of this report. However they may have an impact on the Company's 2022 financial year earnings, cash flow and financial position.

In June 2021, IDT announced that it was advancing discussions with the Victorian Government and Monash Institute of Pharmaceutical Sciences (MIPS) regarding potentially providing cGMP manufacturing services for the production of MIPS' Receptor Binding Domain mRNA COVID-19 vaccine candidate. As the time of writing this report, these discussions are advancing well and continuing. On 16 July 2021, IDT made a submission to the Australian Government's Approach to Market: Proposals to establish an onshore mRNA manufacturing capability (ATM). The Australian Government made it clear in the ATM submission documents that the ATM process was a competitive process being run in parallel with the Government's commercial discussions with entities external to the ATM. It was also made clear that the Government may make no decision at all with regard to the ATM.

Opportunities for IDT to provide further COVID-19 manufacturing services are being pursued. Further information has been provided in Likely Developments below.

In August 2021, the Company finalised a Letter Agreement with the Australian Government, Department of Health to bring IDT's sterile manufacturing facility into a state of readiness to potentially provide COVID-19 vaccine manufacturing services.

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that, to the Company's knowledge, has significantly affected, or may significantly affect, the operations, results of the operations or the state of affairs of the Company.

Likely Developments
Likely developments include the Company progressing discussions with Monash University and the Victorian Government regarding Monash Institute of Pharmaceutical Sciences' (MIPS') Receptor Binding Domain mRNA COVID-19 vaccine project whereby IDT will potentially provide cGMP manufacturing services for the project. IDT is also standing-by for any developments from the Australian Government in regards to the Approach To Market: Proposals to establish an onshore mRNA manufacturing capability.

IDT continues to engage with the Government and industry to promote increased levels of sovereign vaccine and pharmaceutical manufacturing in Australia.

Environmental Regulations

IDT Australia Limited is subject to environmental regulations and other licenses in respect of its manufacturing facilities located in Boronia, Victoria. The Company monitors changes in its regulatory environment and ensures ongoing compliance with new requirements. It is subject to regular inspections and audits by responsible State and Federal authorities and by local and international clients. The Company considers it has complied with all necessary environmental regulations throughout the year ended 30 June 2021 and no related issues have arisen since the end of the financial year to the date of this report.

Corporate Governance Statement

The Company complies with the Australian Securities Exchange Corporate Governance Principles and Recommendations, 4th edition (ASX Recommendations). The Company's Corporate Governance Statements and Policies, including disclosures required by the ASX Recommendations, may be viewed on the Company's website: https://en.idtaus.com.au/investors/corporate-governance/.

Indemnification of Officers

During the financial year, the Company paid an insurance premium to insure Directors and Officers (D&O) of the Company. Under the terms of this policy the premium paid by the Company is not permitted to be disclosed.

The liabilities insured are legal costs which may be incurred in defending civil or criminal proceedings which may be brought against D&O in their capacity as D&O of the Company, and any other payments arising from liabilities incurred by D&O in connection with such proceedings, except for where such liabilities arise out of conduct involving a wilful breach of duty by D&O or improper use by D&O of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify a D&O of the Company against a liability incurred.

Information about the Directors

ALAN D FISHER
Qualifications: BCom, FCA, MAICD
Experience: experienced corporate advisor and public company director. He has a proven track record of implementing strategies that enhance shareholder value. His main areas of expertise include mergers and acquisitions, public and private equity raisings, business restructurings and strategic advice.
Other Current Directorships: Non-Executive Chair of Centrepoint Alliance Ltd, Non-Executive Director and Chair of Audit and Risk Committees of Bionomics Ltd and Thorney Technologies Ltd, and Non-Executive Director of Simavita Ltd.
Former Directorships in Last 3 Years: nil
Responsibilities: Chair, Non-Executive Director, member Audit and Risk Committee
Equity interests in Company: nil

HUGH N BURRILL
Qualifications: BSc, MScSt, MBA, FAICD
Experience: formerly Corporate Vice President, Global Pharma Research & Development, Hospira Inc where he was responsible for overall pipeline portfolio management, and research and development of generic and specialty pharmaceuticals. Prior to this he held senior international roles within Hospira Inc and the original Mayne Pharma Ltd and currently provides consulting services in pharmaceutical strategic management, product development, regulatory affairs and intellectual property.
Other Current Directorships: nil
Former Directorships in Last 3 Years: Non-Executive Director and Deputy Chair Nova Aerospace Pty Ltd (2007 – 2020)
Responsibilities: Non-Executive Director, Chair Audit and Risk Committee, Member Remuneration and Nomination Committee
Equity interests in Company: nil

MARY SONTROP
Qualifications: BAppSci, Grad Dip Quality Management, Grad Dip Management (Health), MBA, GAICD
Experience: extensive international experience in the biopharmaceutical sector across manufacturing operations, quality, and business integration. During 28 years with CSL Limited (ASX: CSL), Mary was an integral part of CSL's globalisation through a series of major acquisitions. This included primary responsibility for the turnaround of unprofitable manufacturing operations. Subsequently as head of global plasma manufacturing, she delivered a globally integrated manufacturing network spanning four countries. As head of CSL's Australia and New Zealand pharmaceutical business, Mary and her team delivered Australia's most successful adolescent/adult immunisation program and achieved USFDA (US Food & Drug Administration) approval to manufacture and export CSL's seasonal and pandemic influenza vaccines.
Other Current Directorships: Non-Executive Director of Medical Developments International
Former Directorships in Last 3 Years: nil
Responsibilities: Non-Executive Director, Chair Remuneration and Nomination Committee
Equity interests in Company: 275,000 fully paid ordinary shares

MICHAEL KOTSANIS
Qualifications: BSc, Grad Dip Business, MBus
Experience: seasoned executive with over 30 years of strategic and operational experience in the global pharmaceutical industry. Michael was appointed as CEO of Acrux Ltd in November 2014. He was formerly the Chief Commercial Officer and a Board Member of Synthon Holding BV, a Dutch based international pharmaceutical company with revenue over EUR250 million, a position he held for four years. Prior to Synthon, he served as President, Europe, Middle East and Africa, for Hospira and where he was responsible for delivering over US$500 million in annual revenue. Hospira was the global leader in generic injectable pharmaceuticals prior to its acquisition by Pfizer. Michael joined Hospira following its acquisition of Mayne Pharma in 2007, where he had served as President, Asia Pacific from 2002. He joined Mayne following their acquisition of FH Faulding in 2001, where he held responsibility for commercial activities of the pharmaceutical business in Australia and New Zealand. Michael was formerly a Board Member of the European Generics Association and a Director of the Generic Medicines Industry of Australia.
Other Current Directorships: Acrux Ltd
Former Directorships in Last 3 Years: nil
Responsibilities: Non-Executive Director, Member of Audit and Risk and Remuneration and Nomination Committees
Equity interests in Company: 115,000 fully paid ordinary shares

Information about the Secretaries

DR DAVID SPARLING (Chief Executive Officer)
Qualifications: BVSc (Hons), LLB (Hons), Grad Dip App Cor Gov
Experience: Joined IDT in May 2013. Dr Sparling has over 20 years' experience as a public company executive in CEO and Chairman level roles in ASX and Nasdaq listed companies. David has held multiple senior executive positions in pharmaceuticals, diagnostics, manufacturing, development and biotechnology companies. Dr Sparling is also an experienced and chartered Company Secretary.

ANCILA DESAI (Chief Financial Officer)
Qualifications: BCom (Hons), MBS, CA, Executive MBA
Experience: Chartered Accountant with over 15 years of experience in strategic finance, commercial finance including mergers and acquisitions, customer and supplier negotiations, financial modelling and capital management. Ancila possesses broad experience across sectors, including senior finance roles at Metcash, Toll and Boost Juice.

Meetings of Directors

The following table sets out the number of meetings the Company's Directors held during the year ended 30 June 2021, and the number of meetings attended by each Director.

Director	Board		Audit and Risk Committee		Remuneration and Nomination Committee	
	A	B	A	B	A	B
Alan Fisher	12	12	2	2	1*	1*
Hugh Burrill	12	12	2	2	3	3
Mary Sontrop	12	12	-	-	3	3
Michael Kotsanis	12	12	2	2	3	3

A = Meetings attended while a director or committee member
B = Meetings held while a director or committee member
- = Not a member of relevant committee
* = Meeting attended as a guest

REMUNERATION REPORT

The Directors of the Company are pleased to present the following Remuneration Report which forms part of the Report of Directors prepared in accordance with s300A of the *Corporations Act 2001*.
The Remuneration Report has been audited as required by s308 (3C) of the *Corporations Act 2001* and sets out remuneration information for the Company's key management personnel who have authority and are responsible for planning, directing and controlling the Company's activities, directly or indirectly, including any Director (whether executive or otherwise) of the Company and the broader remuneration policies and philosophy adopted by the Board.
There were no significant changes to remuneration policies during the year.
The Remuneration and Nomination Committee advises the Board on remuneration policies and practices generally, making specific recommendations on the remuneration framework and other terms of employment for Executive Directors, Non-Executive Directors and Senior Executives, including incentives, share ownership plans and the relationship between remuneration policy and Company performance.
At the last Annual General Meeting (AGM) held on 17 November 2020, the Company received 95.15% support on its 2020 Remuneration Report.

Directors' Remuneration

IDT has a small and focussed Board which works closely with Executive management. Fees and payments to Directors reflect the demands made on, and the responsibilities of, the Directors. Directors' fees are reviewed annually by the Remuneration and Nomination Committee, considering comparative remuneration data for the industry and size of the Company to attract Directors with relevant expertise in our industry as well as Australian capital markets.
The Non-Executive Directors' annual base fee is currently $70,000 and the Chair $120,000, inclusive of superannuation contributions, as required under the Australian superannuation guarantee legislation.
Total Non-Executive Directors' fees are determined within an aggregate Directors' fee pool limit, periodically referred for approval by shareholders. The current maximum aggregate Directors' fee pool for Non-Executive Directors is $400,000.

Executive Remuneration

Remuneration packages are set at levels intended to attract, retain and motivate high quality executives to manage the Company's operations and are linked to the Company's financial and operational performance. The Company is committed to adhering to Corporate Governance Standards for remuneration of executives.
The framework of executive remuneration and terms of employment of the CEO are reviewed annually by the Remuneration and Nomination Committee. Other executive remuneration is reviewed by the CEO with oversight of the Remuneration and

Nomination Committee having regard to performance against personal and Company objectives established at the beginning of the year and relevant comparative information. Independent expert advice is taken where necessary.
Remuneration and other key terms of employment for Key Management Personnel (KMP) are formalised in service agreements. Major provisions of these agreements include the following fixed and performance-based elements:

- base salary plus statutory employer contributions to the superannuation fund of the employee's choice and statutory leave entitlements;
- short term performance incentives payable as a cash bonus, based on achievement of both Company-wide and individual performance objectives, established at the beginning of the year. Depending on assessed performance, the CEO may receive up to 50% of his base salary as a short term performance incentive whilst other KMP are eligible in the range of 15-20%;
- long term incentives are via invitation to participate in the Company's Loan Funded Employee Share Plan (ESP);
- a KMP may be terminated at the Company's discretion by giving 3 months' written notice;
- for employment to be terminated at the discretion of the KMP, 3 months' written notice is required; and
- in the case of serious misconduct, KMP forgo termination entitlements other than payment of applicable base salary, statutory leave and superannuation entitlements to the date of termination.

Share-based Compensation

From time to time, Directors, Executive Management and selected staff members may be invited to participate in the Employee Share Plan (ESP) whereby fully paid ordinary shares of the Company are issued at market value and funded by an interest free limited recourse loan from the Company, which is repayable at any time during employment or within 90 days of an employee ceasing employment with the company. Grants within the framework of the ESP are determined by the CEO together with the Remuneration and Nomination Committee and are subject to approval by the Board.
Amounts disclosed for emoluments relating to these shares are the assessed fair values at issue date determined using a Black-Scholes pricing model considering the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the arrangement.
Other staff may be invited to participate in the allocation of up to $1,000 value of shares per year, granted for no consideration and escrowed for three years whilst participants remain employees of the Company.

Remuneration Details 2021

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Salary and fees $	Cash bonus $ (4)	Non-monetary $	Super-annuation $	Long Service Leave $	Shares $	Total $
Non-executive Directors							
A Fisher, Chair	109,589	-	-	10,411	-	-	120,000
H Burrill	63,927	-	-	6,073	-	-	70,000
M Sontrop	63,927	-	-	6,073	-	-	70,000
M Kotsanis	63,927	-	-	6,073	-	-	70,000
Sub-total Non-executive Directors	**301,370**	**-**	**-**	**28,630**	**-**	**-**	**330,000**
Other key management personnel							
D Sparling, Chief Executive Officer	355,513	104,875	-	24,999	10,109	105,000	600,496
A Desai, Chief Financial Officer	240,000	1,000	-	21,694	639	69,300	332,633
J Sosic, Vice President Operations, Supply and Infrastructure	202,328	37,190	4,726	19,221	3,889	69,300	336,654
P McDonald, Head of Quality and Development (1)	91,026	-	5,825	8,647	46	69,300	174,844
D Broadhurst, Head of Quality (2)	102,687	17,850	-	8,075	-	-	128,612
D Savaglio, Vice President People and Change (3)	11,411	12,426	-	960	-	-	24,797
Sub-total executive management	**1,002,965**	**173,341**	**10,551**	**83,596**	**14,683**	**312,900**	**1,598,036**
Total key management personnel compensation	**1,304,335**	**173,341**	**10,551**	**112,226**	**14,683**	**312,900**	**1,928,036**

(1) Mr McDonald was appointed Head of Quality and Development on 18 January 2021.
(2) Mr Broadhurst was Head of Quality until 31 December 2020.
(3) Ms Savaglio was Vice President People and Culture until 31 July 2020.
(4) Short term incentive bonuses were paid on 01 September 2020.

Summary of Short Term Incentive Bonuses paid in 2021 in relation to achievement of objectives established at the beginning of the previous financial year

	Potential of fixed remuneration	Achievement of objectives as set at the start of the year
D Sparling	50%	94%
A Desai	20%	97%
J Sosic	20%	88%
P McDonald (1)	20%	94%

(1) Mr McDonalds's bonus was prorated because he was employed by IDT for only part of the financial year ended 30 June 2021.

Remuneration Details 2020

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Salary and fees $	Cash bonus $ (4)	Non-monetary $	Super-annuation $	Long Service Leave $	Shares $	Total $
Non-executive Directors							
A Fisher, Chair	109,589	-	-	10,411	-	-	120,000
G Kaufman	24,353	-	-	2,314	-	-	26,666
H Burrill	63,927	-	-	6,073	-	-	70,000
M Sontrop	63,927	-	-	6,073	-	-	70,000
M Kotsanis	17,677	-	-	1,679	-	-	19,356
Sub-total Non-executive Directors	**279,473**	**-**	**-**	**26,550**	**-**	**-**	**306,022**
Other key management personnel							
D Broadhurst, Head of Quality (1)	136,859	-	-	13,002	72	23,997	173,930
A Desai, Chief Financial Officer (2)	9,231	-	-	877	-	-	10,108
J Johnson, Chief Financial Officer (3)	211,260	12,253	-	20,070	-	27,786	271,369
D Savaglio, Vice President People and Change	77,182	6,128	-	7,332	2,282	17,682	110,606
J Sosic, Vice President Operations, Supply and Infrastructure	195,098	12,435	4,726	18,534	794	27,786	259,374
D Sparling, Chief Executive Officer	355,510	-	-	24,979	32,066	51,025	463,580
Sub-total executive management	**985,140**	**30,816**	**4,726**	**84,794**	**35,215**	**148,276**	**1,288,967**
Total key management personnel compensation	**1,264,612**	**30,816**	**4,726**	**111,344**	**35,215**	**148,276**	**1,594,989**

(1) Mr Broadhurst was appointed Head of Quality on 1 December 2019.
(2) Ms Desai was appointed CFO on 16 June 2020.
(3) Ms Johnson was CFO until 15 June 2020.
(4) Short term incentive bonuses were paid on 18 December 2019.

Summary of Short Term Incentive Bonuses paid in 2020 in relation to achievement of objectives established at the beginning of the previous financial year

	Potential of fixed remuneration	Achievement of objectives as set at the start of the year
D Broadhurst (1)	20%	90%
J Sosic	20%	95%
D Savaglio (2)	20%	91.25%
D Sparling	50%	90%

(1) Mr Broadhurst's bonus was prorated because he was employed by IDT for only part of the financial year ended 30 June 2020.
(2) Ms Savaglio's bonus was prorated due to leave taken for part of the financial year ended 30 June 2020.

Other Transactions with Key Management Personnel

No other transactions or loans were provided to key management personnel other than interest free limited recourse loans provided in association with the Loan Shares granted within the framework of the Employee Share Plan.

Key Management Personnel Holdings of Ordinary Shares

The number of ordinary shares in the Company held during the financial year by Directors and each of the specified executives are set out below.

All shares issued to employees during the period were made within the provisions of the ESP, funded by an interest free limited recourse loan from the Company.

2021

	Balance at start of year	Shares issued	Other changes during the year	Balance at the end of the year
Non-executive Directors				
M Kotsanis	50,000	-	65,000	115,000
M Sontrop	275,000	-	-	275,000
Other key management personnel				
D Sparling (2)	2,660,687	500,000	(224,066)	2,936,621
A Desai	-	330,000	160,000	490,000
J Sosic	1,216,292	330,000	-	1,546,292
P McDonald	-	330,000	153,125	483,125
D Broadhurst (1)	475,000	-	-	-
D Savaglio (1)	940,431	-	-	-
Total Holdings	**5,617,410**	**1,490,000**	**154,059**	**5,846,038**

(1) Mr Broadhurst and Ms Savaglio were both not in office at the end of the financial year and accordingly their shareholding as at 30 June 2021 is not disclosed.
(2) As the underlying loans on the ESP shares which had been issued to D Sparling were not repaid on 9 October 2020, the shares were cancelled following expiration of the Limited Recourse Loan Agreement.

2020

	Balance at start of year	Shares issued	Other changes during the year	Balance at the end of the year
Non-executive Directors				
G Kaufman (1)	405,000	-	-	-
M Kotsanis	-		50,000	50,000
M Sontrop	275,000	-	-	275,000
Other key management personnel				
D Broadhurst	-	475,000	-	475,000
D Savaglio	590,431	350,000	-	940,431
J Johnson (1)	1,299,156	550,000	-	-
J Sosic	666,292	550,000	-	1,216,292
D Sparling	1,650,687	1,010,000	-	2,660,687
Total Holdings	**4,886,566**	**2,935,000**	**50,000**	**5,617,410**

(1) Mr Kaufman and Ms Johnson were both not in office at the end of the financial year and accordingly their shareholding as at 30 June 2020 is not disclosed.

Company performance

The table below sets out summary information about the Company's earnings and movements in shareholder wealth for the five years ended 30 June 2021.

	2021 $000	2020 $000	2019 $000	2018 $000	2017 $000
Revenue (1)	16,927	14,169	12,130	13,300	9,543
Net profit / (loss) before tax (2)	966	(1,981)	(6,118)	(18,575)	(1,116)
Net profit / (loss) after tax	2,103	(1,919)	(6,083)	(16,979)	(773)
Share price at start of year	$0.17	$0.17	$0.10	$0.11	$0.23
Share price at end of year	$0.33	$0.17	$0.17	$0.10	$0.11
Final dividend	-	-	-	-	-
Basic earnings per share	0.9¢	(0.8¢)	(2.5¢)	(6.9¢)	(0.3¢)
Diluted earnings per share	0.9¢	(0.8¢)	(2.5¢)	(6.9¢)	(0.3¢)
# Shares on issue, 30 June	239,860,170	239,313,032	236,359,103	244,466,732	248,161,716
Market capitalisation, 30 June	$77.95m	$39.49m	$39.00m	$23.47m	$26.06m

(1) CMAX Revenues are excluded from the year ended 30 June 2017 due to divestment.
(2) No asset impairment was recorded for the year ended 30 June 2019, but for the years ended 30 June 2018 and 2017, the net profit / (loss) before tax includes asset impairment adjustments of $14.1 million and $7.6 million respectively. The year ended 30 June 2017 includes $13.7 million profit from divestment of CMAX.

Non-Audit Services

Details of amounts paid or payable to the auditor for services provided during the year are outlined in note 20 to the financial statements.
The Company may decide to engage the external auditor on assignments additional to their statutory audit duties where the external auditor's expertise and experience with the Company is important.
Directors have considered the position and are satisfied that any provision of non-audit services is compatible with the general standard of independence for external auditors imposed by the *Corporations Act 2001.*

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is included after this report.

Proceedings on Behalf of the Company

The *Corporations Act 2001* allows specified persons to bring, or intervene in, proceedings on behalf of the Company.

No proceedings have been brought, or intervened in, on behalf of the Company with leave of the court under Section 237 of *the Corporations Act 2001.*

Rounding of Amounts

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the Report of Directors. Amounts in the Report of Directors have been rounded off in accordance with the Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Directors Resolution

This report is made in accordance with a resolution of the Directors made pursuant to s298(2) of the *Corporations Act 2001.*

Mr Alan Fisher
Chair
25 August 2021

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Melbourne VIC 3000
Australia

Tel: +61 3 9671 7000
www.deloitte.com.au

25 August 2021

The Board of Directors
IDT Australia Limited
45 Wadhurst Drive
Boronia VIC 3155

Dear Board Members,

Auditor's Independence Declaration to IDT Australia Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of IDT Australia Limited.

As lead audit partner for the audit of the financial report of IDT Australia Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully,

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

B Abbott
Belinda Abbott
Partner
Chartered Accountants

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2021 $000	2020 $000
Revenue from ordinary activities	2	16,927	14,169
Raw materials		(1,872)	(1,609)
Employee benefits expense		(6,697)	(7,094)
Depreciation and amortisation expense		(1,780)	(2,033)
Impairment of intangible assets	10	-	(736)
Other operating expenses		(5,612)	(4,678)
Profit / (Loss) before income tax		**966**	**(1,981)**
Income tax benefit	4	1,137	62
Total Profit / (Loss) for the year		**2,103**	**(1,919)**
Other comprehensive income, net of tax:			
Property revaluation		1,733	-
Total comprehensive Income / (Loss) for the year		**3,837**	**(1,919)**
Basic earnings per share	26	0.9¢	(0.8¢)
Diluted earnings per share	26	0.9¢	(0.8¢)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

ASSETS	Note	2021 $000	2020 $000 Restated
CURRENT ASSETS			
Cash and cash equivalents	5	6,928	6,860
Trade and other receivables	6	9,357	5,437
Contract asset		-	32
Current tax asset	7	528	40
Inventories	8	453	444
TOTAL CURRENT ASSETS		**17,266**	**12,813**
NON-CURRENT ASSETS			
Property, plant and equipment	9	16,743	15,526
Intangible assets	10	120	248
Deferred tax assets	11	-	-
TOTAL NON-CURRENT ASSETS		**16,863**	**15,774**
TOTAL ASSETS		**34,129**	**28,587**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	4,413	3,703
Borrowings	13	766	584
Unearned revenue	14	254	39
Provisions	15	636	626
TOTAL CURRENT LIABILITIES		**6,069**	**4,952**
NON-CURRENT LIABILITIES			
Provisions	15	445	337
TOTAL NON-CURRENT LIABILITIES		445	337
TOTAL LIABILITIES		6,514	5,289
NET ASSETS		**27,615**	**23,298**
EQUITY			
Contributed equity	16	51,189	51,189
Reserves	17	7,966	5,751
Accumulated losses	18	(31,540)	(33,643)
TOTAL EQUITY		**27,615**	**23,298**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

	Contributed Capital	Asset Revaluation Reserve	Share-based Payment Reserve	Accumulated Losses	Total Equity
	$000	$000	$000	$000	$000
Balance at 1 July 2019	51,189	2163	3,382	(31,724)	25,010
Profit/(Loss) for the year	-	-	-	(1,919)	(1,919)
Share based payments expense	-	-	189	-	189
Limited recourse loans repaid	-	-	18	-	18
Balance at 30 June 2020	**51,189**	**2,163**	**3,589**	**(33,643)**	**23,298**
Balance at 1 July 2020	51,189	2,163	3,589	(33,643)	23,298
Profit/(Loss) for the year	-	-	-	2,103	2,103
Share based payments expense	-	-	279	-	279
Limited recourse loans repaid	-	-	202	-	202
Other comprehensive income for the year, net of tax	-	1,733	-	-	1,733
Balance at 30 June 2021	**51,189**	**3,896**	**4,070**	**(31,540)**	**27,615**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

	Note	2021 $000	2020 $000 Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of goods and services tax)		14,756	9,677
Payments to suppliers and employees (inclusive of goods and services tax)		(14,433)	(11,676)
		323	(1,999)
Interest and other costs of finance paid	13	(22)	(22)
Income tax refund received		40	44
Interest received		29	67
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	25	**370**	**(1,910)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(526)	(761)
Proceeds from sale of property, plant and equipment		-	-
Payments for development costs		-	-
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES		**(526)**	**(761)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity		202	16
Payments associated with share buy backs		-	-
Proceeds from borrowings	13	1,089	979
Repayment of borrowings	13	(1,067)	(957)
Repayment of finance lease		-	(4)
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES		**224**	**34**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS HELD		68	(2,637)
Cash and cash equivalents at the beginning of the financial year		6,860	9,497
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	5	**6,928**	**6,860**

The above Statement of Cash Flow should be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are outlined in this section and have been consistently applied to all the periods presented, unless otherwise stated.

1.1 Statement of Compliance

These financial statements are general purpose financial statements prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations, and comply with International Financial Reporting Standards and other requirements of the law.

For the purposes of preparing the financial statements, the Company is a for-profit entity.

1.2 Basis of Preparation

These financial statements have been prepared under the basis of historical cost, except for certain financial instruments, intangible assets and land and buildings that are measured at fair value.

Historical cost is generally based on fair values of the consideration given in exchange for goods and services, being the price that would be received in an orderly transaction at the measurement date, regardless of whether that price is directly observable or estimated using another technique.

A fair value measurement of a non-financial asset considers the Company's ability to generate economic benefits through use of the asset in its highest or best use or by selling it through an orderly transaction.

In estimating the fair value of an asset or liability, the Company considers the characteristics market participants would take into account when pricing the asset or liability at measurement date. Fair value has been used in these financial statements except for transactions within the scope of AASB 2 Share Based Payments, AASB 16 Leases and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 Inventories or fair value less cost to dispose in AASB 136 Impairment of Assets.

For financial reporting purposes fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

All amounts are presented in Australian dollars unless otherwise noted.

1.3 Going concern basis

For the year ended 30 June 2021, the Company incurred a profit after tax of $2.138 million and held cash reserves of $6.928 million, which is sufficient to fund planned strategic initiatives, capital and other development projects for at least the 12 month period from the date of this report. The Company is not reliant on renewal of bank facilities in July 2022 from a going concern perspective.

Having carefully assessed the Company's budget and forward forecasts, including cash flow forecasts which reflect forward sales orders received from customers as well as available funding facilities, the Directors believe the Company will continue to operate as a going concern and therefore it is appropriate to prepare the financial statements on a going concern basis contemplating continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

1.4 Impairment of Non-Current Assets

For all except goodwill and indefinite life intangibles, non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs.

1.5 Change in Accounting Policy

The Company has adopted new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the previous reporting period and are detailed in Note 1.9. Disclosures required by these Standards have been included in this financial report on the basis they represent significant change in information from that previously made available.

There have been no other significant changes in accounting policies during the reporting period.

1.6 Foreign Currency Translation

Transactions in currencies other than the Company's functional currency are recognised at the rates of exchange prevailing at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date.

Foreign exchange gains and losses resulting from settlement of such transactions and translation at period end exchange rates of foreign currency monetary assets and liabilities are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

1.7 Critical Accounting Estimates and Judgements

Preparation of these financial statements requires the Company to make estimates and judgements that may affect the reported values of assets, liabilities, revenues and expenses. Management continually evaluates estimates and judgements based on historical experience and other factors it believes to be reasonable under the circumstances, including expectations of future events that may have a financial impact on the entity.

In preparing the financial statements, management has considered the impact of COVID-19 on the various balances, including the carrying values of trade receivables and accounting estimates for which cash flow forecasts are required to be prepared such as the recoverable amount of non-current assets.

The following critical judgements have been made in application of the Company's accounting policies and have the most significant effect on amounts recognised in the Company's financial statements.

Valuation of non-current assets (being property, plant and equipment and finite life intangibles assets)

The Company applies AASB 136 Impairment of Assets to test the carrying value of non-current assets and impairment. Judgement is applied to make estimates of future cashflows to support assessment of the appropriateness of the carrying value. Criteria considered include anticipated future sales prices, market size and expected share, future exchange rates and the discount rate.

In making these judgements, the Company makes reasonable and supportable assumptions to represent management's estimate of the conditions that will exist over the useful life of the asset. Amongst other factors the Company evaluates technical feasibility, the cost to complete the project, existence of an attractive commercial market, potential launch dates and sales expectations to conclude on the value of expected future economic benefits which would be expected to flow to the entity in order to calculate discounted cashflows.

Balanced estimates of these criteria have been made but key sensitivities could include more competitive market conditions which could result in higher than expected discounting required to achieve targeted market share.

At any time should the estimated value of future economic benefits relative to the asset's carrying value be considered insufficient relative to net book value, the Company would recognise impairment in accordance with AASB 136 Impairment of Assets

Income taxes

Deferred tax assets are recognised for deductible temporary differences and tax losses as management considers that it is probable that future taxable profits will be available to utilise those temporary differences. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the usage of each item, product expiry date and other factors that affect inventory obsolescence.

Share-based payments

The issuance of shares to employees are at market rates and funded by interest-free limited recourse loans to the Company. The fair values of such arrangements utilises the Black-Scholes pricing model and therefore includes elements of judgment and estimate in determining certain input factors such as an estimate of share price volatility.

1.8 Rounding of Amounts

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

1.9 Application of new and revised Accounting Standards

The Company has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current year. New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Company include annual improvements to accounting standards and AASB Interpretation 23 "Uncertainty over Income Tax Treatments".

<u>Standards and interpretations on issue not yet adopted</u>
The following accounting standards, accounting standard amendments and interpretations are on issue not yet due for adoption:

- AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material (AASB 101 and AASB 108)
- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business (AASB 3)
- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia.
- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments (AASB 1, AASB 3, AASB 9, AASB 116, AASB 137and AASB 141)
- Amendments to References to the Conceptual Framework in IFRS Standards

1.10 Reclassification of Contract Assets

The Company classifies billable work-in-progress not yet invoiced as Contract Assets. The amount at 30 June 2021 is nil (2020: $32,000) and has been restated from Inventory to Contract Assets in the Statement of Financial Position. This does not impact on the Profit or Cashflows.

1.11 Reclassification of Other Creditors

In the year ended 30 June 2021, the Other Payables balance associated with Premium funding was recorded as Borrowings. The comparative amount from 30 June 2021 of $579,000 has been restated from Other Payables to Borrowings in the Statement of Financial Position. In the year ended 30 June 2021, the cashflows associated with the Premium funding was recorded in the Financing activities and the comparative amount has been restated from operating cashflows to financing cashflows. There was no impact of the restatement on Profit.

	2021 $000	**2020 $000**
2. REVENUE		
Sales revenue	16,027	14,102
Other revenue		
- Other Income	871	-
- Interest	29	67
	16,927	**14,169**

Other income represents JobKeeper receipts of $871,050.

Key Accounting Policies

The Company has two key types of arrangements with Clients; 1) Fee for Service Revenue generated in accordance with a Scope of Works agreed with clients before project commencement and recognised over the term of the project as specific performance obligations are completed (i.e. over time), 2) Manufacturing activities, particularly manufacture of Active Pharmaceutical Ingredients, conducted based on supply agreements and purchase orders received from clients. Revenue from these activities is recognised after product has been released by Quality Assurance and shipped in accordance with client instructions (i.e. point in time).

It must also be probable that the economic benefits of the transaction will flow to the Company and the amount of revenue can be measured reliably.

3. EXPENSES

Profit / (Loss) from ordinary activities before income tax expense includes the following expenses:

	2021	2020
Cost of goods sold	3,853	2,618
Depreciation of property, plant and equipment	1,650	1,906
Amortisation		
- Right of use asset	-	5
- Development costs	131	121
Repairs and maintenance	1,084	720
Impairment of intangible assets	-	736
Net foreign currency loss	35	33

	2021 $000	2020 $000
4. INCOME TAX		
(a) **Income Tax Benefit / (Expense)**		
Current tax	528	40
Deferred tax	609	-
(Under) / Over recognised current tax asset in prior period	-	22
	1,137	**62**
(b) **Numerical reconciliation of income tax expense to prima facie tax payable**		
Profit / (Loss) from ordinary activities before income tax expense	966	(1,981)
Prima facie tax (expense) / benefit at 26% (2020: 27.5%)	(251)	545
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	-	25
Research and development tax concessions	212	(25)
Employee share issue	(72)	(52)
Impairment losses	-	14
Cash flow boost	10	-
	(101)	507
(Under) / Over recognised Current tax asset in prior period	-	21
Deferred tax losses not brought to account	-	(217)
Deferred tax asset not previously brought to account	592	-
Prior year losses not brought to account	646	(249)
Income tax benefit / (expense) attributable to operating loss	**1,137**	**62**

Key Accounting Policies

The income tax expense or benefit for the period is the tax payable / receivable on the current period's taxable income / (loss) based on the notional income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and unused tax losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

The Company incurs eligible expenditure which supports a R&D Tax Incentive Claim, refundable by the Australian Government at 43.5% for entities with a tax loss and revenues less than $20 million. There are no unfulfilled conditions or other contingencies in relation to this incentive. This receivable balance is accounted for as a current tax asset and income tax expense / (benefit).

5. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	**6,928**	**6,860**

Key Accounting Policies

For purposes of the statement of cashflows, cash and cash equivalents include bank deposits which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis.

6. TRADE AND OTHER RECEIVABLES		
Trade receivables	8,151	4,732
Less: Provision for expected credit losses	(190)	(190)
	7,961	4,542
Other receivables	164	14
Prepayments	1,232	881
Total trade and other receivables	**9,357**	**5,437**

The average collection period for invoices is 30-60 days from invoice date and interest is not charged on overdue balances.

Ageing of receivables which are past due:		
0-30 days	6,929	3,031
30-60 days	22	1,363
60-90 days	1,011	135
90+ days	190	202
	8,151	**4,732**

Estimated credit loss for aging less than 90 days is deemed immaterial.

Key Accounting Policies

Trade receivables represent amounts receivable relating to the provision of goods and services pursuant to a valid purchase order or contract for product or services. Receivables are recognised at the full value receivable and do not require re-measurement because they are due for settlement within 60 days of invoice date.

	2021 $000	2020 $000
7. CURRENT TAX ASSET		
Income tax receivable	**528**	**40**

Key Accounting Policies
The Company incurs eligible expenditure to support a R&D Tax Incentive Claim. The estimated amount of claim is recognised as a current tax asset and income tax expense / (benefit) in the year that the R&D was incurred.

8. INVENTORIES		
Raw materials - at cost	907	1,038
Less: Provision for stock obsolescence	(454)	(594)
Total inventories	**453**	**444**

Key Accounting Policies
Inventories are valued at the lower of cost and net realisable value with the cost determined on a first-in-first-out basis. Net realisable value reflects the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

Subsequent to initial measurement, balances held in inventory are reviewed at least annually and a provision raised where future use is no longer considered probable, principally due to reasons of obsolescence or product dating.

9. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Freehold land (at fair value)	4,380	4,380
Buildings (at fair value)	7,180	5,255
Less: Accumulated depreciation	(15)	(296)
Total Land and Buildings	**11,545**	**9,339**
Plant and Equipment		
Plant and equipment – at cost	42,274	41,587
Less: Accumulated depreciation	(37,284)	(35,770)
Capital Work in Progress	208	370
	5,198	6,187
Total Plant & Equipment	**5,198**	**6,187**
Total Property, Plant and Equipment	**16,743**	**15,526**

Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

2021	**Freehold Land $000**	**Buildings $000**	**Plant & Equipment $000**	**Right of Use Assets $000**	**Total $000**
Carrying amount at start of year	4,380	4,959	6,187	-	15,526
Revaluation	-	2,342	-	-	2,342
Additions	-	-	526	-	526
Disposals	-	-	-	-	-
Depreciation expense	-	(136)	(1,515)	-	(1,651)
Carrying amount at end of year	**4,380**	**7,165**	**5,198**	**-**	**16,743**

2020	Freehold Land $000	Buildings $000	Plant & Equipment $000	Right of Use Assets $000	Total $000
Carrying amount at start of year	4,380	5,091	7,201	4	16,676
Revaluation	-	-	-	-	-
Additions	-	-	760	-	760
Disposals	-	-	-	-	-
Depreciation expense	-	(132)	(1,774)	(4)	(1,910)
Carrying amount at end of year	**4,380**	**4,959**	**6,187**	**-**	**15,526**

Key Accounting Policies

Freehold land and buildings are shown at revalued amounts being the fair value (level 3) at date of revaluation less subsequent depreciation for buildings. The most recent fair value measurement by independent valuers was 1 June 2021. The valuation conforms to Australian Valuation Standards and was calculated based on the fair value of the land and depreciated replacement cost of the buildings. As revaluations are performed regularly, carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

The revaluation increase arising on the revaluation of land and buildings is accumulated in the revaluation reserve within equity. Decreases that offset previous increases of the same asset are recognised against revaluation reserve directly in equity; all other decreases are to be recognised in profit or loss.

Plant and equipment, including Right of Use Assets, are measured at cost less accumulated depreciation and any impairment adjustments which may have been identified. The cost of non-current assets constructed or developed by the Company includes the costs of all materials used in construction, direct labour on the project and an appropriate proportion of directly attributable variable and fixed overheads.

AASB 16 Leases provides the lessee with the choice of whether to recognise short-term or low value leases on the balance sheet. Under the Company's policy, photocopiers and printers are treated as short term or low value leases, which qualify for the low value lease exemption.

Depreciation is recognised so as to write off the cost or valuation of assets, other than land, over their estimated useful lives, net of their residual values, using the straight-line method, as follows:

- Buildings 40 years
- Plant & Equipment 3-15 years

Estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Plant is regularly overhauled through an ongoing cyclical maintenance program. Routine operating maintenance, repair costs and minor renewals are charged as expenses as incurred.

An item of property, plant and equipment is derecognised upon disposal or where no future economic benefits are expected to arise from continued use. Any gain or loss arising on disposal or retirement is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

Impairment of property plant and equipment

For all except goodwill and indefinite life intangible assets, non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs.

The Company is considered as one cash-generating unit (CGU) for impairment testing purposes (there are nil indefinite life intangible assets). The Company has prepared fair value less cost to dispose model (level 3) for the purpose of impairment testing as at 30 June 2021, using a discounted cash flow model based on the five-year forecast. Future cash flows were discounted at an after-tax rate of 15%. Based on the recoverable amount of the CGU exceeding its aggregate carrying amount at 30 June 2021 there was no impairment charge.

10. INTANGIBLE ASSETS	2021 $000	2020 $000
Development expenditure capitalised	271	269
Less: Accumulated amortisation development costs	(151)	(21)
Total intangible assets	**120**	**248**
Reconciliation of Intangible Assets		
Carrying amount at start of year	248	1,105
Development expenditure capitalised during the year	-	-
Amortisation of development costs during the year	(128)	(121)
Development costs impaired during the year	-	(736)
Carrying amount at end of year	**120**	**248**

Key Accounting Policies

a) Internally generated Intangible Assets

Research expenditure is recognised as an expense as incurred.

An internally generated intangible asset arising from development is recognised as a non-current asset where all of the following conditions can be demonstrated:

- technical feasibility of completing the project that it will be available for use or sale;
- intention to complete the intangible asset and use it or sell it;
- the intangible asset will generate probable future economic benefits for the Company;
- availability of adequate technical, financial and other resources to complete the development; and
- the ability to measure reliably the expenditure attributable to the development of the asset.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date the asset first met the recognition criteria listed above. Development expenditures that do not meet all of these criteria are recognised in profit or loss in the period in which incurred.

Development costs previously recognised as an expense may not be recognised as an asset in a subsequent period.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation from the date the intangible asset first meets the recognition criteria. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any change accounted for on a prospective basis.

b) Impairment of intangible assets

Assets with finite lives are subject to amortisation and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they may be impaired. An impairment loss is recognised in the statement of comprehensive income for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units), other than goodwill that is monitored at the segment level. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units, and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

	2021 $000	2020 $000
11. DEFERRED TAX ASSET / (LIABILITY)		
Deferred Liability	**1,778**	**1,246**
The balance comprises temporary differences attributable to:		
Depreciation	1,138	1,178
Asset revaluation	609	-
Prepayments	-	-
Development costs	31	68
	1,778	1,246
Movements		
Opening balance at 1 July	1,246	1,621
Increase/(Reduction) current tax expense	600	(375)
Restating opening balance of DTL due to reduced tax rate	(68)	-
Current year increase/(decrease) not recognised	-	-
Closing balance at 30 June	**1,778**	**1,246**
Deferred Tax Assets	**1,778**	**1,246**
The balance comprises temporary differences attributable to:		
Employee entitlements, accruals and other	597	624
Tax losses	1,181	622
	1,778	1,246
Movements		
Opening balance at 1 July	1,246	1,621
Increase/(Reduction) current tax expense	7	76
Unused tax losses recognised / (de-recognised)	592	(451)
Restating opening balance of DTA due to reduced tax rate	(67)	-
Charged/(Credited) to equity	-	-
Closing balance at 30 June	**1,778**	**1,246**
Net Deferred Assets / (Liability)		
Deferred tax liability expected to settle within 12 months	-	-
Deferred tax liability expected to settle more than 12 months	1,778	1,246
	1,778	**1,246**
Deferred tax asset expected to be recovered within 12 months	-	-
Deferred tax asset expected to be recovered after more than 12 months	1,778	1,246
	1,778	**1,246**

Key Accounting Policies

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities settled. The relevant tax rate is applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets will only be recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. In addition to the above deferred tax assets recognised, the Company has further unrecognised tax losses relating to prior period tax losses.

As at 30 June 2021 the Company has gross carried forward tax losses amounting to $17.3m (2020: $19.8m) and a further $12.3m (2019: $12.3m) capital losses which have not been recognised as assets in these financial statements.

	2021 $000	2020 $000 Restated
12. TRADE AND OTHER PAYABLES		
Trade payables	2,582	397
Other payables	1,831	3,306
Total trade and other payables	**4,413**	**3,703**
13. BORROWINGS		
Current		
Lease liabilities	-	5
Premium funding	766	579
Total current borrowings	**766**	**584**
Non-Current		
Lease liabilities	-	-
Total non-current borrowings	**-**	**-**

The company utilises a Premium Funding facility to pay its annual Insurance Premium. This facility has a 10 month term with an interest rate applicable of 1.8%. In the year ended 30 June 2021, the Other Payables balance associated with Premium funding was recorded as Borrowings. The comparative amount from 30 June 2020 of $579,079 has been restated from Other Payables to Borrowings in the Statement of Financial Position. In the year ended 30 June 2021, the cashflows associated with the Premium funding was recorded in the Financing activities and the comparative amount has been restated from operating cashflows to financing cashflows. There was no impact of the restatement on Profit.

	2021 $000	2020 $000
14. UNEARNED REVENUE		
Current		
Client prepayments	254	-
Contractual milestones received	-	39
Total current unearned revenue	**254**	**39**
Non-Current		
Contractual milestones received	**-**	**-**

Key Accounting Policies

Fee for Service Revenue generated in accordance with a Scope of Works agreed with clients before project commencement and recognised over the term of the project as specific performance obligations are completed (i.e. over time). In some cases the client may pay for services before the work is conducted and this revenue is deferred until earned.

Contractual milestones have been received in accordance with the Company's long-term distribution agreements. As such milestones relate to the performance of the contract, revenue is recognised over the term of the distribution contract.

15. PROVISIONS		
Current		
Employee entitlements	**636**	**626**
Non-Current		
Employee entitlements	**445**	**337**

Key Accounting Policies

The provision for employee entitlements represents annual leave, vested long service leave and an estimate of the future value of long service leave which has not yet vested but is expected to be payable to employees.

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they can be reliably measured.

Liabilities recognised in respect of short term employee benefits are classified as current liabilities and measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long-term employee benefits are classified as non-current liabilities and measured at the present value of the estimated future outflows to be made by the Company in respect of services provided by employees up to reporting date.

16. CONTRIBUTED EQUITY	2021 Shares	2020 Shares	2021 $000	2020 $000
Paid up capital - Ordinary shares, fully paid	239,860,170	239,313,032	51,189	51,189

Movements in ordinary share capital of the Company during the past two years were as follows:

Date	Details	Shares	$000
1 July 2019	Employee share plan issues	3,345,000	-
	Forfeited employee shares	(391,071)	-
30 June 2020	**Closing balance**	**239,313,032**	**51,189**
1 July 2020	Employee share plan issues	2,010,506	-
	Forfeited employee shares	(1,463,368)	-
30 June 2021	**Closing balance**	**239,860,170**	**51,189**

During the year 2,010,506 (2020: 3,345,000) ordinary shares were issued within the rules of the IDT Australia Limited Employee Share Plan. 1,463,368 (2020: 391,071) shares were forfeited and cancelled because the Limited Recourse Loans were not repaid, due to former employees electing not to repay the Limited Recourse Loan within 90 days of cessation of employment.

17. RESERVES	2021 $000	2020 $000
Share-based payments reserve	4,069	3,588
Asset revaluation reserve	3,897	2,163
Total reserves	**7,966**	**5,751**

The asset revaluation reserve is used to recognise fair value movements in respect of land and buildings owned by the Company valued by an independent third party valuer. The most recent fair value measurement by independent valuers was 1 June 2021.

18. ACCUMULATED LOSSES		
Accumulated losses at the beginning of the financial year	(33,643)	(31,724)
Net profit / loss attributable to members of IDT Australia Limited	2,103	(1,919)
Accumulated losses at the end of the financial year	**(31,540)**	**(33,643)**

19. FINANCING ARRANGEMENTS	2021 $000	2020 $000 Restated
Bank overdraft	-	-
Commercial loan	-	-
Lease liabilities	-	5
Premium Funding	766	579
Total secured liabilities (current and non-current)	**766**	**584**

In the year ended 30 June 2021, the Other Payables balance associated with Premium funding was recorded as Borrowings. The comparative amount from 30 June 2020 of $579,079 has been restated from Other Payables to Borrowings in the Statement of Financial Position. In the year ended 30 June 2021, the cashflows associated with the Premium funding was recorded in the Financing activities and the comparative amount has been restated from operating cashflows to financing cashflows. There was no impact of the restatement on Profit.

Unrestricted access was available at balance date to the following credit facilities with the National Australia Bank Ltd:

Total facilities		
- Bank Overdraft	1,000	1,000
- Flexible Rate Commercial Loan	1,500	1,500
- Credit Card Facility	100	100
Used at balance date		
- Bank Overdraft	-	-
- Flexible Rate Commercial Loan	-	-
- Credit Card Facility	15	12
Available at balance date		
- Bank Overdraft	1,000	1,000
- Flexible Rate Commercial Loan	1,500	1,500
- Credit Card Facility	85	88

At 30 June 2021, the Company has cash reserves of $6.9 million. This cash balance is further supported by an unutilised facility of $2.5 million with the National Australia Bank Ltd, which is next due for renewal on 31 July 2022. These cash reserves and debt facility are available to support the Company to execute strategies and projects to extend production and manufacturing capabilities.

Security for Borrowings

The bank overdraft, lease and business loan facilities are secured by the following:

- A Registered Mortgage over property situated at 39 Wadhurst Drive, Boronia
- A Registered Mortgage over property situated at 41 Wadhurst Drive, Boronia
- A Registered Mortgage over property situated at 43-49 Wadhurst Drive, Boronia
- A Registered Mortgage over property situated at 51-57 Wadhurst Drive, Boronia
- A Registered Mortgage over property situated at 68 Wadhurst Drive, Boronia

	2021 $000	2020 $000
Carrying value of assets pledged as Security		
- Freehold land and buildings	11,545	9,339
Total assets pledged as security	11,545	9,339

20. AUDITOR'S REMUNERATION

	2021 $	2020 $
Total amounts payable to Deloitte Touche Tohmatsu for:		
Audit and review of the Company's financial statements	101,800	118,900
Other services	-	-
Total auditor remuneration	**101,800**	**118,900**

21. FINANCIAL RISK MANAGEMENT

Financial risks impacting the Company's activities fall into three categories:

a) market risk – foreign exchange and interest rate
b) credit risk
c) liquidity risk

a) Market risk

In order to minimise the impact of currency fluctuation it is Company policy to transact in Australian dollars wherever possible. From time to time the Company also transacts in foreign currencies, particularly Euro and US dollars, which can give rise to foreign exchange risk as exchange rates fluctuate.

At reporting date the Company has $6.7 million Cash Reserves held in its operating bank account and short term bank deposits. Forward cashflow forecasts do not project use of the bank debt facilities. Therefore the Company does not foresee any increased borrowings or consequentially a material sensitivity to interest rates.

b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Company. Credit risk is closely managed and the Company has procedures to deal with credit worthy counterparties. Customer credit worthiness is reviewed on an ongoing basis and exposure to any one customer is monitored. Potential credit loss is regularly reviewed and assessed and a provision for expected credit losses would be raised if there was any evidence the debt was no longer collectible.

The Company does not have a history of defaulted balances nor does it carry a material level of overdue debtor balances.

c) Liquidity risk

Liquidity risk arises from the financial liabilities of the Company and is the risk that the Company is not able to pay its financial liabilities as when they fall due. The ultimate responsibility for liquidity risk management rests with the Board of Directors which has established a framework for management of the Company's requirements over time through continuous monitoring of historical and anticipated cash flows and scenario analysis. The Company manages liquidity risk by maintaining cash reserves and reserve borrowing facilities.

Rolling 18 month cashflow forecasts are prepared each month. Strategic planning also includes liquidity considerations and based on current strategies, no funding shortfalls have been identified.

In addition to funds on deposit, the Company has $2.5 million undrawn banking facilities.

The Company holds the following financial instruments:	2021 $000	2020 $000 Restated
Liquid Financial Assets		
Cash and cash equivalents	6,928	6,860
Trade receivables and other	9,357	5,437
Total financial assets	**16,285**	**12,298**
Financial Liabilities		
Trade and other payables	4,413	3,703
Borrowings, current and non-current	766	584
Total financial liabilities	**5,179**	**4,287**
Net financial position	**11,106**	**8,011**

22. SHARE BASED PAYMENTS

The ESP was approved at the Annual General Meeting held on 18 November 2019.

During the year ended 30 June 2021, the Company issued 2,010,506 ordinary shares under the rules of the IDT ESP (2020: 3,345,000).

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expenses were as follows:

	2021 $000	2020 $000
Value of shares issued under employee share plan	279	189

Movement in number of shares under Employee Share Plan:		
Opening balance	8,754,658	5,800,729
Employee Share Plan granted during the year	2,010,506	3,345,000
Shares on which limited recourse loans have been repaid	-	-
Shares on which escrow lifted	-	-
Forfeited during the year	(1,463,368)	(391,071)
Closing balance of shares on issue under Employee Share Plan	**9,301,796**	**8,754,658**

Key Accounting Policies

Directors, Executive Management and selected staff may be offered shares in the Company at the current market value at the date of issue, funded by an interest free limited recourse loan from the Company. Grants within the framework of the ESP are determined by the CEO together with the Remuneration and Nomination Committee and are subject to approval by the Board.

Amounts disclosed for emoluments relating to these shares are the assessed fair values at issue date determined using a Black-Scholes pricing model taking into account the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the arrangement.

The ESP provides an annual value of up to $1,000 of shares may be issued to eligible employees for no consideration. The value of shares issued is recognised in the income statement as employee benefit costs at the time the shares are granted. Such shares may not be sold until the earlier of three years after issue or cessation of employment with the Company.

In all other respects ESP shares rank equally with other fully-paid ordinary shares on issue.

23. KEY MANAGEMENT PERSONNEL DISCLOSURES

The following persons were Directors of IDT Australia Limited during the financial year:

Non-Executive Directors

Alan Fisher, Chair
Hugh Burrill
Mary Sontrop
Michael Kotsanis

Mr Fisher, Mr Burrill, Ms Sontrop and Mr Kotsanis are Independent Directors.

Key Management Personnel

The following persons have authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, during the financial year:

David Sparling	Chief Executive Officer, Joint Company Secretary
Ancila Desai	Chief Financial Officer, Joint Company Secretary
Jim Sosic	Vice President Operations, Supply and Infrastructure
Paul McDonald	Head of Quality and Development, from 18 January 2021
Daniel Broadhurst	Head of Quality, until 31 December 2020
Danielle Savaglio	Vice President People and Change, until 31 July 2020

Directors and Key Management Personnel Compensation	**2021 $**	**2020 $**
Short term employee benefits	1,488,227	1,300,154
Post-employment benefits	112,226	111,344
Long term benefits	14,683	35,215
Share based payments	312,900	148,276
	1,928,036	1,594,989

24. RELATED PARTY TRANSACTIONS

Transactions of Directors and Key Management Personnel Concerning Shares

Aggregate numbers of shares acquired and disposed of by Directors or Key Management Personnel were as follows:

	2021 Shares	2020 Shares
Ordinary shares issued to KMP	1,490,000	2,935,000
Ordinary shares forfeited by KMPs	224,066	391,071
Ordinary shares acquired	378,125	50,000
Ordinary shares sold after limited recourse loans repaid	-	-

Other than shares issued as described in Note 22, the terms and conditions of other transactions relating to shares were on the same basis as similar transactions with other shareholders.

Aggregate numbers of shares of IDT Australia Limited held directly, indirectly or beneficially by Directors or KMP holding office at balance date were as follows:

	2021	2020
Ordinary shares	5,846,038	5,617,410

There were no other transactions or contracts between the Company and Directors and Key Management Personnel in 2021 (2020: nil).

25. RECONCILIATION OF NET CASH INFLOW / OUTFLOW FROM OPERATING ACTIVITIES TO OPERATING PROFIT / (LOSS) AFTER INCOME TAX

	2021 $000	2020 $000 Restated
Net cash inflow /(outflow) from operating activities	370	(1,910)
Depreciation and amortisation	(1,780)	(2,033)
Profit / (Loss) on Divestment – Property Plant and Equipment	-	-
Non-cash share-based payment	(279)	(189)
Impairment of intangible assets	-	-
Change in operating assets and liabilities:		
Increase/(decrease) in receivables	3,920	2,180
Increase/(decrease) in inventories	9	(190)
Increase/(decrease) in current tax asset	488	17
(Increase)/Decrease in payables	(850)	1,238
Increase in other provisions	10	(75)
Increase/(decrease) in unearned revenue	215	(957)
Operating profit / (loss) after income tax	2,103	(1,919)

26. EARNINGS PER SHARE

	2021	2020
Basic earnings per share	0.9¢	(0.8¢)
Diluted earnings per share	0.9¢	(0.8¢)
Weighted average number of ordinary shares on issue during the year used to calculate basic earnings per share	239,321,399	237,118,228
Weighted average number of ordinary shares on issue during the year used to calculate diluted earnings per share	239,321,399	237,118,228
	$000	$000
Basic Earnings per share		
Profit / (Loss) attributable to ordinary equity holders used in calculating basic earnings per share	2,103	(1,919)
Diluted earnings per share		
Profit / (Loss) attributable to ordinary equity holders used in calculating diluted earnings per share	2,103	(1,919)

Key Accounting Policies

(i) Basic Earnings per Share - Basic earnings per share is determined by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted Earnings per Share - Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

27. EVENTS AFTER THE REPORTING PERIOD

In June 2021, IDT announced that it was advancing discussions with the Victorian Government and Monash Institute of Pharmaceutical Sciences (MIPS) regarding potentially providing cGMP manufacturing services for the production of MIPS' Receptor Binding Domain mRNA COVID-19 vaccine candidate. As the time of writing this report, these discussions are advancing well and continuing. On 16 July 2021, IDT made a submission to the Australian Government's Approach to Market: Proposals to establish an onshore mRNA manufacturing capability (ATM). The Australian Government made it clear in the ATM submission documents that the ATM process was a competitive process being run in parallel with the Government's commercial discussions with entities external to the ATM. It was also made clear that the Government may make no decision at all with regard to the ATM.

Opportunities for IDT to provide further COVID-19 manufacturing services are being pursued. Further information has been provided in Likely Developments below.

In August 2021, the Company finalised a Letter Agreement with the Australian Government, Department of Health to bring IDT's sterile manufacturing facility into a state of readiness to potentially provide COVID-19 vaccine manufacturing services.

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that, to the Company's knowledge, has significantly affected, or may significantly affect, the operations, results of the operations or the state of affairs of the Company.

28. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Company has no contingent assets or liabilities to disclose at the date of this report.

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 14 to 31 are in accordance with the *Corporations Act 2001*, including:

- (i) complying with Accounting Standards, the *Corporations Act 2001* and other mandatory professional reporting requirements; and
- (ii) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance, as represented by the result of its operations, changes in equity and cash flows, for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(c) the financial statements and notes thereto also comply with International Financial Reporting Standards as disclosed in Note 1.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors made pursuant to s295(5) of the *Corporations Act 2001*.

On behalf of the directors

Mr Alan Fisher
Chair
25 August 2021

Deloitte.

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Independent Auditor's Report to the members of IDT Australia Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of IDT Australia Limited (the "Company") which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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<table>
<tr><th>Key Audit Matter</th><th>How the scope of our audit responded to the Key Audit Matter</th></tr>
<tr><td>Carrying value of non-current assets

Refer Note 9 Property, plant and equipment, and 1.7 Critical accounting estimates and judgements.

As at 30 June 2021 the Company's carrying value of Property, Plant and Equipment totals $16.7 million. The assessment of the recoverable amount of Property, Plant and Equipment requires management to exercise significant judgement in identifying indicators of impairment and, when required, in determining the assumptions and estimates involved in preparing the Fair Value less Costs to Dispose ("FVLCD") valuation model, including:
Forecasts of revenue and Earnings before Interest and Tax ("EBIT") for the years 2022 to 2026;
Long-term growth rate applied within the FVLCD valuation model;
Weighted Average Cost of Capital ("WACC") rate utilised within the FVLCD valuation model; and
Terminal growth rate.
Management has applied judgement to determine their best estimate for assumptions within the FVLCD valuation model, including internal and external data as inputs, and factored into their assumptions any continued anticipated opportunities and challenges associated with COVID-19.</td><td>Our procedures included, but were not limited to:
Assessing the existence of potential impairment indicators at year end;
Assessing the design and implementation of key controls relating to the preparation of the FVLCD model;
Agreeing the key inputs in the FVLCD model to board approved forecasts and/or strategies;
Assessing the accuracy of management's FY21 forecast against actual results;
In conjunction with our valuation specialists, our procedures included, but were not limited to:
assessing the appropriateness of management's FVLCD methodology
testing the mathematical accuracy of the FVLCD model
challenging key assumptions, including the FY22 revenue assumptions by comparing them to FY21 performance, existing customer agreements, support for FY22 growth opportunities and the growth assumptions from year 2 of the model including the terminal growth rate relative to historical performance, growth opportunities and relevant industry and economic external indicators including opportunities and challenges from the impact of COVID-19
evaluating the discount rate used by comparison to an independently developed rate;
Performing sensitivity analysis on the FVLCD model using varied WACC rates, revenue assumptions FY22 to FY26 and terminal growth rates to simulate alternative market conditions and outcomes; and
Assessing the appropriateness of any required disclosure in note 9 to the financial statements.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report which we obtained prior to the date of this auditor's report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read any other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's to continue as a going concern. If we conclude that a material

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uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in 8 to 11 of the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of IDT Australia Limited, for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

B Abbott

Belinda Abbott
Partner
Chartered Accountants

Melbourne, 25 August 2021

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 30 June 2021.

A. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding:

	Holders 2021	Holders 2020
1 - 1,000	152	133
1,001 - 5,000	704	406
5,001 - 10,000	386	302
10,001 - 100,000	832	658
100,001+	201	193
	2,275	1,692

B. TWENTY LARGEST INDIVIDUAL SHAREHOLDINGS

The names of the twenty largest individual holders of ordinary shares are listed below:

	Number Held	Percentage of Issued Shares
UBS NOMINEES PTY LTD	20,402,924	8.51%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	19,773,269	8.24%
ONE MANAGED INVT FUNDS LTD	18,161,934	7.57%
CITICORP NOMINEES PTY LIMITED	15,811,239	6.59%
ONE FUND SERVICES LTD	8,398,434	3.50%
BRISPOT NOMINEES PTY LTD	8,004,797	3.34%
MR ANTHONY JOHN HUNTLEY	7,500,000	3.13%
GRAEME LESLIE BLACKMAN	7,029,710	2.93%
CS THIRD NOMINEES PTY LIMITED	6,141,162	2.56%
CS FOURTH NOMINEES PTY LIMITED	5,838,039	2.43%
JAMPLAT PTY LTD	5,725,000	2.39%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	4,786,001	2.00%
I'ROM GROUP CO LTD	3,766,035	1.57%
MR RODNEY BRUCE EBSWORTH	3,750,000	1.56%
PICHERIT'S FARM PTY LTD	3,500,000	1.46%
PAULENE BLACKMAN	3,457,737	1.44%
DAVID SPARLING	2,936,621	1.18%
MR GAVIN GEORGE ROGERS & MS KATHRYN ANN ROGERS	2,500,000	1.04%
GOEN INVESTMENTS PTY LTD	2,500,000	1.04%
MR ANTHONY JOHN HUNTLEY	2,500,000	1.04%
	152,482,902	**63.57%**

C. SUBSTANTIAL HOLDERS

The following parties have declared a relevant interest in the number of ordinary shares at the date of giving the notice under Part 6C.1 of the Corporations Act.

	Number Held
One Funds Management Ltd, One Fund Services Limited	27,998,434
Sandon Capital Pty Ltd	26,769,292
Bank of America and its related bodies corporate	15,371,899
Credit Suisse Holdings (Australia) Limited	12,004,390

D. VOTING RIGHTS

A registered holder of shares in the company may attend general meetings of the company in person or by proxy and on a poll may exercise one vote for each share held.

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