Annual Report 2020

idt australia

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

Share Register

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

Bankers

National Australia Bank Limited
NAB Health
Level 2, 151 Rathdowne Street
CARLTON, VICTORIA, 3053

NAB Health
Level 2, 151 Rathdowne Street
CARLTON, VICTORIA, 3053

Auditors

Deloitte Touche Tohmatsu
550 Bourke Street
MELBOURNE, VICTORIA, 3000

Stock Exchange

Australian Securities Exchange Limited
530 Collins Street
MELBOURNE, VICTORIA, 3000
(ASX Code: IDT)

Registered Office and Principal Place of Business

45 Wadhurst Drive
BORONIA, VICTORIA, 3155
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Website Address

www.idtaus.com.au

Contents

Letter from the Chair and Chief Executive Officer

We are pleased to present the Annual Report for IDT Australia Limited ("IDT/the Company") for the year ended 30 June 2020. Significant achievements during the year in review included a material year on year improvement in IDT's financial results as well as several important commercial and regulatory gains. These all support our stated goal of strengthening and expanding IDT's foundations for future growth.

Financial Highlights

IDT's turnover for the year of $14.2 million represents a year on year revenue growth of 16.8% (which includes a $0.9 million previously capitalised milestone). Tighter control on expenses, coupled with stronger controls in procurement and manufacturing, delivered an improvement in expenses of $0.6 million compared to 2019. The Company finished the year with a strong cash balance of $6.9 million. In the financial year ended 30 June 2019, $1.5 million was returned to shareholders through the on market share buy-back. The on market share buy-back was formally concluded in October 2019.

Lifting of FDA Warning Letter

Following on from a successful re-inspection of the Company's manufacturing facilities in May 2019, IDT received formal correspondence from the U.S. Food and Drug Administration (FDA) in September 2019 that it had lifted the Company's Warning Letter. The Company's facility status has been restored and it is now again free to develop and market pharmaceutical products for the United States.

IDT Executing On Its Medicinal Cannabis Manufacturing Plan

During the year, IDT made good progress executing on its Medicinal Cannabis Manufacturing Plan. On 20 May 2019, the Company secured its own Medicinal Cannabis Manufacturing Licence from the Department of Health - Office of Drug Control. IDT was able to leverage its cGMP licenses (active pharmaceutical ingredient and finished dosage form) with the Therapeutic Goods Administration and its Poisons licenses (Schedule 8 and Schedule 9) to commence development and commercial manufacture of cGMP medicinal cannabis active pharmaceutical ingredients and finished dosage forms. In January 2020, the Company announced the completion of the first commercial scale batches of solvent extracted cGMP medicinal cannabis resin. In April 2020, IDT announced the manufacture of the first batches of cGMP flower-in-bottle and oil-in-bottle products.

The Company's goal is to continue establishing its Boronia manufacturing campus as a centre of excellence for cGMP medicinal cannabis product manufacturing for a range of active pharmaceutical ingredients and finished dosage forms.

Board and Senior Executive Renewal

The year has also seen renewal in both the Board of Directors and IDT's Senior Executive team. Having joined IDT as a Director in 2013, Mr. Graeme Kaufman retired from the Board at the completion of the 2019 Annual General Meeting. We thank Mr. Kaufman for his important and lasting contribution throughout his service as a Director. In March 2020, Mr. Michael Kotsanis was appointed as an independent non-executive Director of the Board. Mr. Kotsanis brings to the Board renewed strategic and operational experience in the global pharmaceutical industry.

IDT's senior executive team also underwent renewal during the year. In June 2020, the Company appointed Ms. Ancila Desai to the role of Chief Financial Officer and Joint Company Secretary. Ms. Desai brings a renewed energy to the role with over 15 years of commercial experience, including senior finance roles at Metcash, Toll and Boost Juice.

COVID-19 and Australian Sovereign Pharmaceutical Manufacturing

In the early stages of the COVID-19 pandemic in April 2020, the Australian Government requested IDT to provide assistance with certain COVID-19 response activities. Throughout the COVID-19 crisis, the Company's cGMP pharmaceutical manufacturing facilities and laboratories have remained fully operational and business operations have continued with minimal disruption.

Following on from the initial phase of the pandemic, IDT has made several public submissions to the Australian Government regarding critical dependencies in Australia's pharmaceutical supply chain. The speed at which certain pharmaceutical supply chains broke down during the global pandemic highlights a fundamental sovereign risk associated with the outsourcing of Australia's drug manufacturing to other countries. IDT is Australia's last small molecule API manufacturer and one of only a handful of local finished dosage form manufacturers. It is the Company's stated position that Australia should have increased local manufacturing capacity to meet the country's supply needs regarding a range of essential medicines. The Company will continue to participate in ongoing discussions on mapping and better understanding Australia's pharmaceutical supply chain and how Australia can best leverage its extant sovereign capabilities to reshape the nation's pharmaceutical supply chain post COVID-19.

The Year Ahead

Looking forward, the Company will focus on building on the financial momentum being created with a view to growing and expanding the business. We will be increasing our efforts to promote greater levels of sovereign pharmaceutical manufacturing. Australia's goal should be to actively reduce the number of critical dependencies associated with outsourced essential medicines.

The Company will also be expanding its activities in cGMP medicinal cannabis product manufacture and, in the coming year, more local and international product launches are planned.

We thank shareholders for their continued support.

Alan Fisher
Chair
25 August 2020

David Sparling
Chief Executive Officer

Report of the Directors – 30 June 2020 (Including Remuneration Report)

The Directors present their report on the financial report of the Company for the year ended 30 June 2020.

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

Alan Fisher

Hugh Burrill

Michael Kotsanis (from 23 March 2020)

Mary Sontrop

Graeme Kaufman (retired 18 November 2019)

Except as noted above, all other 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 up by $2.0 million on a year on year basis. As a consequence of this revenue improvement coupled with stronger controls in procurement and manufacturing, the business has reported a positive movement of 68.4% in reported net profit / (loss) after tax.

Revenue of $14.2 million includes $0.9 million previously capitalised milestones which were recognised into current year revenue following termination of the temozolomide distribution agreement in December 2019. Excluding this one off adjustment, the underlying Revenue from operations is 8.7% higher than FY19.

Cost containment initiatives resulted in Direct Expenses (being raw materials and employee related expenses) for the year being lower by $0.6 million. Whilst alternate commercialisation options are being assessed for temozolomide, an impairment expense of $0.7 million has been recognised to reduce the carrying value of the temozolomide related intangible asset to nil.

The FDA formally notified IDT that they had restored IDT's facility inspection classification from Official Action Indicated (OAI) to Voluntary Action Indicated (VAI). The Warning Letter was officially lifted by the FDA in September 2019.

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

Earnings per share have increased by 1.7 cents during the year.

Summary of Financial Performance

	30 June 2020 $000	30 June 2019 $000	Movement
Revenue	14,169	12,130	2,039
Net profit / (loss) before tax	(1,981)	(6,119)	4,138
Net profit / (loss) after tax	(1,919)	(6,083)	4,164
Basic earnings per share	(0.8¢)	(2.5¢)	1.7¢
Diluted earnings per share	(0.8¢)	(2.5¢)	1.7¢

Financial position

At 30 June 2020, the Company has cash reserves of $6.9 million. This cash balance is further supported by an unutilised facility of $2.5 million with National Australia Bank Ltd, which is next due for renewal on 31 July 2021. These cash reserves and debt facility are available to support the Company to execute strategies and projects to extend production and manufacturing capabilities.

In October 2018 the Board of Directors initiated an on market share buy-back within the "10/12 limit" as defined by the *Corporations Act 2001* in order to return excess funds to shareholders. In the financial year ended 30 June 2019, $1.5 million was returned to shareholders through the on market share buy-back. No shares were purchased in this current reporting period and the on market share buy-back was formally closed in October 2019.

Results

The net result of operations after applicable income tax was a loss of $1.9 million (2019: $6.1 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

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020 and Australian Government restrictions commenced in that same month. The financial statements have been prepared based upon conditions existing at 30 June 2020, which included the impact of COVID on the business at that time. The pandemic has caused disruption to businesses and economic activity. The Company considers further Government restrictions such as the Victorian Government's August 2020 Stage 4 restrictions in Melbourne to be a non-adjusting post balance sheet event and accordingly the financial effects post year end of COVID-19 have not been reflected in the financial statements at 30 June 2020. 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 2021 financial year earnings, cash flow and financial condition. Options for COVID-19 related government support are being pursued where they are available for the business to access. Further information has been provided in Likely Developments below.

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

Likely Developments

Towards the end of the financial year, IDT assisted the Federal Government in the initial phase of Australia's COVID-19 response. The pandemic created challenges and highlighted critical dependencies associated with Australia's pharmaceutical supply chain. IDT has made several submissions to the Australian Government in this regard and the Company will continue to engage with the Government and industry to promote increased levels of sovereign pharmaceutical manufacturing in Australia.

It is difficult to quantify or predict the future impact of the global COVID-19 pandemic on IDT's business operations. The assistance that IDT provided to the Federal Government's COVID-19 response has resulted in a positive impact on IDT's asset utilisation. Sovereign pharmaceutical manufacturing opportunities could (if these opportunities emerge) also impact the Company in a positive way. 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. The Company's submission details IDT's current facilities and capabilities as well as our future potential capacity in relation to the possible manufacture and supply of COVID-19 vaccines and treatments. Conversely, occurrences such as increased or extended restrictions in Melbourne, or supply chain disruption and economic uncertainty could produce negative impacts on the Company in the future.

Looking to the year ahead, IDT's focus is on growing and expanding its base business to make further gains on strengthening the Company's financial position. IDT will continue to engage with the Government and industry to work to reduce pharmaceutical supply chain dependencies and to promote locally sourced medicines and sovereign manufacturing. For the year ahead, IDT intends to continue to utilise its experience and unique manufacturing assets to actively grow its presence in the medicinal cannabis market. Products are being developed to support more local and international product launches. Our goal is to establish the Company's Boronia manufacturing campus as a centre of excellence for cGMP medicinal cannabis product manufacturing for a range of active pharmaceutical ingredients and finished dosage forms.

Environmental Regulations

IDT Australia Ltd 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 2020 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: extensive and proven experience in restoring and enhancing shareholder value. He spent 24 years at global accounting firm Coopers & Lybrand where he headed and grew the Melbourne Corporate Finance Division. Following this tenure, he developed his own corporate advisory business specialising in M&A, strategic advice, business restructurings and capital raisings.
Other Current Directorships: Non-Executive Chair Centrepoint Alliance Ltd, Non-Executive Director and Chair of Audit and Risk Committees of Bionomics Ltd, Thorney Technologies Ltd and 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: experience in the biopharmaceutical sector across manufacturing operations, quality and business integration. Mary has held executive roles at CSL Limited where she participated in international acquisitions, turned around unprofitable manufacturing operations and established a globally integrated manufacturing network over four countries. As head of CSL's Australia and New Zealand pharmaceutical business she and her team successfully delivered the human papilloma virus immunisation programs and obtained FDA approval to manufacture and export seasonal and pandemic influenza vaccines.
Other Current Directorships: nil
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 (from 23 March 2020)

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: 50,000 fully paid ordinary shares

GRAEME KAUFMAN (until 18 November 2019)

Qualifications: BSc, MBA
Experience: wide ranging experience in the biotechnology sector, across scientific, commercial and financial areas. At CSL Limited, he was responsible for manufacturing facilities, operated a division in the high technology medical device market and as General Manager Finance was responsible for finance, strategy development, human resources and information technology. He was Executive Vice President Corporate Finance with Mesoblast Limited until 2013.
Other Current Directorships: Non-Executive Chair, Paradigm BioPharmaceuticals Limited (since 2014)
Former Directorships in Last 3 Years: Non-Executive Chair, Bionomics Ltd (until August 2016)
Responsibilities: Non-Executive Director, Member of Audit and Risk and Nomination and Remuneration Committees
Equity interests in Company: 405,000 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 as Vice President Legal and Corporate Development and was promoted to CEO in February 2018. More than 20 years of pharmaceutical and diagnostics experience in CEO, Director and corporate/business development roles. David is an experienced senior executive, having held roles at CEO and Chair level in ASX listed companies, including Chair FYI Resources Limited, Vice President Corporate Development, Genetic Technologies Limited and General Counsel Agenix Limited.

ANCILA DESAI (Chief Financial Officer)

Qualifications: B Com (Hons), MBS, CA, Executive MBA
Experience: is a 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 2020, 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
Hugh Burrill	12	12	2	2	3	3
Alan Fisher	12	12	2	2	3	3
Mary Sontrop	11	11	-	-	3	3
Michael Kotsanis	3	3	-	-	-	-
Graeme Kaufman	4	4	1	1	-	-

A Meetings attended while a director or committee member.
B Meetings held while a director or committee member.
\- Not a member of relevant committee

Renumeration 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 18 November 2019, the Company received 77.51% support on its 2019 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
- 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.

Remuneration Report continued

Share-based Compensation

From time to time, Executive Management and Directors 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's termination.

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 2020

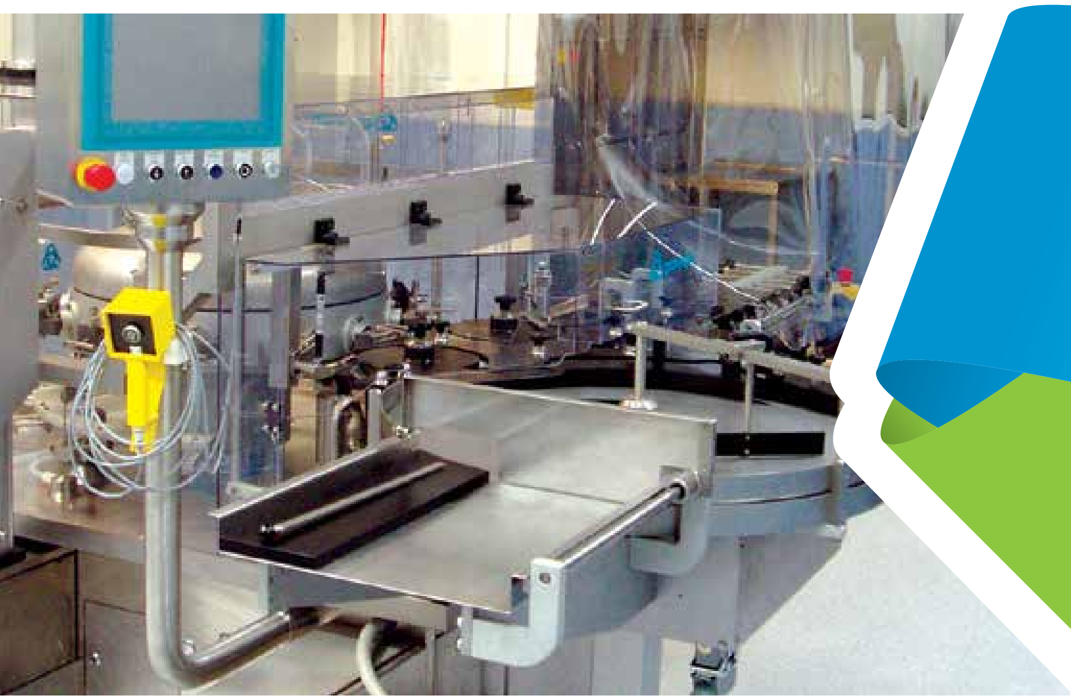
	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Salary and fees $	Cash bonus $[1]	Non monetary $	Super-annuation $	Long Service Leave $	Shares $	Total $
Non-executive Directors							
A D Fisher, Chair	109,589	-	-	10,411	-	-	120,000
G Kaufman	24,353	-	-	2,314	-	-	26,666
H N Burrill	63,927	-	-	6,073	-	-	70,000
M E Sontrop	63,927	-	-	6,073	-	-	70,000
M J 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[2]	136,859	-	-	13,002	72	23,997	173,930
A Desai, Chief Financial Officer[3]	9,231	-	-	877	-	-	10,108
J Johnson, Chief Financial Officer[4]	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 Short term incentive bonuses were paid on 18 December 2019.
2 Mr Broadhurst was appointed Head of Quality on 1 December 2019.
3 Ms Desai was appointed CFO on 16 June 2020.
4 Ms Johnson was CFO until 15 June 2020.

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.



Remuneration Report continued

Remuneration Details 2019

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Salary and fees $	Cash bonus $[1]	Non monetary $	Super-annuation $	Long Service Leave $	Shares $	Total $
Non-executive Directors							
A D Fisher, Chair	109,589	-	-	10,411	-	-	120,000
G Kaufman	63,927	-	-	6,073	-	-	70,000
H N Burrill	63,927	-	-	6,073	-	-	70,000
M E Sontrop	63,924	-	-	6,073	-	-	69,997
Sub-total Non-executive Directors	**301,367**	**-**	**-**	**28,630**	**-**	**-**	**329,997**
Other key management personnel							
M Coffey, Vice President Quality and Regulatory[2]	194,181	43,700	-	15,973	-	32,738	286,592
J Johnson, Chief Financial Officer	211,260	32,630	-	20,070	5,793	37,897	307,650
D Savaglio, Vice President People and Change	96,018	21,032	-	9,122	2,703	24,427	153,302
J Sosic, Vice President Operations, Supply and Infrastructure	196,079	15,580	5,152	18,628	902	34,424	270,765
D Sparling, Chief Executive Officer	355,754	37,612	-	22,008	17,815	63,336	496,525
Sub-total executive management	**1,053,292**	**150,554**	**5,152**	**85,801**	**27,213**	**192,822**	**1,514,834**
Total key management personnel compensation	**1,354,659**	**150,554**	**5,152**	**114,431**	**27,213**	**192,822**	**1,844,831**

1 Short term incentive bonuses were paid on 28 August and 30 October 2018.
2 Ms Coffey was VP Quality and Regulatory until her resignation on 7 June 2019.

Summary of Short Term Incentive Bonuses paid in 2019 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
M Coffey[1]	20%	82%
J Johnson	20%	78%
D Savaglio	20%	78%
J Sosic[2]	20%	41%
D Sparling[3]	50%	32%

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.

2020

	Balance at start of year	Shares issued to employees	Other changes during the year	Balance at the end of the year
Non-executive Directors				
G Kaufman	405,000	-	-	(4)
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	1,299,156	550,000	-	(4)
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 On 15 January 2019 Ms Coffey also received $15,000 as a special bonus payable following finalisation of the FDA remediation response by the end of December 2018.
2 Mr Sosic's bonus was prorated because he was employed by IDT for only part of the financial year ended 30 June 2018.
3 Dr Sparling's potential Short Term Incentive Bonus increased to 50% following his appointment as CEO in February 2018. Before assuming the CEO role he was eligible at the previous potential of 40%. The STI paid was prorated between the potential entitlements of both roles applicable during the prior financial year.
4 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.

Remuneration Report continued

2019

	Balance at start of year	Shares issued to employees	Other changes during the year	Balance at the end of the year
Non-executive Directors				
G Kaufman	405,000	-	-	405,000
M E Sontrop	275,000	-	-	275,000
Other key management personnel				
M Coffey	234,940	391,071	-	626,011
J Johnson[1]	1,068,678	452,700	(222,222)	1,299,156
D Savaglio[2]	489,165	291,793	(190,527)	590,431
J Sosic	255,078	411,214	-	666,292
D Sparling[1]	1,128,266	744,643	(222,222)	1,650,687
Total Holdings	**3,856,127**	**2,291,421**	**(634,971)**	**5,512,577**

Company performance

The table below sets out summary information about the Company's earnings and movements in shareholder wealth for the five years to 30 June 2019.

	30 June 2020 $000	30 June 2019 $000	30 June 2018 $000	30 June 2017 $000	30 June 2016 $000
Revenue[3]	14,169	12,130	13,300	9,543	16,914
Net profit / (loss) before tax[4]	(1,981)	(6,118)	(18,575)	(1,116)	(5,704)
Net profit / (loss) after tax	(1,919)	(6,083)	(16,979)	(773)	(4,006)
Share price at start of year	$0.165	$0.096	$0.105	$0.23	$0.23
Share price at end of year	$0.165	$0.165	$0.096	$0.105	$0.23
Final dividend	-	-	-	-	-
Basic earnings per share	(0.8¢)	(2.5¢)	(6.9¢)	(0.3¢)	(1.9¢)
Diluted earnings per share	(0.8¢)	(2.5¢)	(6.9¢)	(0.3¢)	(1.9¢)
# Shares on issue, 30 June	239,313,032	236,359,103	244,466,732	248,161,716	219,355,298
Market capitalisation, 30 June	$39.49m	$39.00m	$23.47m	$26.06m	$50.45m

1 As the underlying loans on the ESP shares which had been issued to Dr Sparling and Ms Johnson on 15 April 2014 were not repaid, the shares were cancelled following expiration of the Limited Recourse Loan Agreement.
2 The Limited Recourse Loan on the shares issued to Ms Savaglio on 1 November 2017 was repaid on 15 November 2018. This allowed Ms Savaglio to dispose of the shares.
3 CMAX Revenues are excluded from the year ended 30 June 2017 due to divestment but are retained in prior year comparatives
4 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*.

Alan Fisher
Chair

25 August 2020

Auditors Independence Declaration

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Australia

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

25 August 2020

Dear Board Members

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 statements of IDT Australia Limited for the financial year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

BAbbott

Belinda Abbott
Partner
Chartered Accountants

Statement of Profit or Loss and Other Comprehensive Income

	Note	2020 $000	2019 $000
Revenue from ordinary activities	2	14,169	12,130
Raw materials		(1,609)	(2,620)
Employee benefits expense		(7,094)	(8,059)
Depreciation and amortisation expense		(2,033)	(2,518)
Finance costs		-	(24)
Impairment of intangible assets	10	(736)	-
Loss on disposal plant and equipment		-	(530)
Other operating expenses		(4,678)	(4,498)
Loss before income tax		**(1,981)**	**(6,119)**
Income tax benefit	4	62	36
Total comprehensive profit / (loss) for the year		**(1,919)**	**(6,083)**
Basic earnings per share	26	(0.8¢)	(2.5¢)
Diluted earnings per share	26	(0.8¢)	(2.5¢)

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

Statement of Financial Position

	Note	2020 $000	2019 $000 Restated
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	6,860	9,497
Trade and other receivables	6	5,437	3,235
Contract asset		32	175
Current tax asset	7	40	23
Inventories	8	444	489
TOTAL CURRENT ASSETS		**12,813**	**13,419**
NON-CURRENT ASSETS			
Property, plant and equipment	9	15,526	16,676
Intangible assets	10	248	1,106
Deferred tax assets	11	-	-
TOTAL NON-CURRENT ASSETS		**15,774**	**17,782**
TOTAL ASSETS		**28,587**	**31,201**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	4,282	4,148
Borrowings	13	5	4
Unearned revenue	14	39	151
Provisions	15	626	657
TOTAL CURRENT LIABILITIES		**4,952**	**4,960**
NON CURRENT LIABILITIES			
Borrowings	13	-	5
Unearned revenue	14	-	844
Provisions	15	337	382
TOTAL NON-CURRENT LIABILITIES		**337**	**1,231**
TOTAL LIABILITIES		**5,289**	**6,191**
NET ASSETS		**23,298**	**25,010**
EQUITY			
Contributed equity	16	51,189	51,189
Reserves	17	5,752	5,545
Accumulated losses	18	(33,643)	(31,724)
TOTAL EQUITY		**23,298**	**25,010**

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

Statement of Changes in Equity

	Contributed Capital $000	Asset Revaluation Reserve $000	Share-based Payment Reserve $000	Accumulated Losses $000	Total Equity $000
Balance at 1 July 2018	**52,833**	**2,163**	**3,101**	**(25,641)**	**32,456**
Profit/(Loss) for the year	-	-	-	(6,083)	(6,083)
Shares issued during the year	-	-	-	-	-
Small parcel share buy back	(111)	-	-	-	(111)
On market share buy back	(1,533)	-	-	-	(1,533)
Share based payments expense	-	-	246	-	246
Limited recourse loans repaid	-	-	35	-	35
Balance at 30 June 2019	**51,189**	**2163**	**3,382**	**(31,724)**	**25,010**
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**

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

Statement of Cash Flows

	Note	2020 $000	2019 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of goods and services tax)		9,677	12,492
Payments to suppliers and employees (inclusive of goods and services tax)		(11,676)	(14,642)
		(1,999)	**(2,150)**
Interest and other costs of finance paid		-	(24)
Income tax refund received		44	410
Interest received		67	248
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	**25**	**(1,888)**	**(1,516)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(761)	(1,143)
Proceeds from sale of property, plant and equipment		-	330
Payments for development costs		-	(58)
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES		**(761)**	**(871)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity		16	34
Payments associated with share buy backs	16	-	(1,644)
Repayment of borrowings		-	-
Repayment of finance leases		(4)	(533)
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES		**12**	**(2,143)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS HELD		**(2,637)**	**(4,530)**
Cash and cash equivalents at the beginning of the financial year		9,497	14,027
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	**5**	**6,860**	**9,497**

The above Statement of Cash Flows 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 2020, the Company incurred a loss after tax of $1.9 million and held cash reserves of $6.9 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 2021 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

Non-Current Assets are tested for impairment at least annually and whenever there is an indication the asset may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

In testing for impairment, the recoverable amount of the Company's Property Plant and Equipment is determined using a fair value less cost to dispose approach (excess earnings methodology). This is based on discounted cash flows using a fair value less costs of disposal approach and independent valuations or insured replacement cost.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit or loss immediately after identification and the asset is derecognised if no future economic benefits are estimated from use or disposal.

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.

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.

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.

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 IASB 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 AASB 16 "Leases", annual improvements to accounting standards and IFRIC 23 "Uncertainty over Income Tax Treatments".

AASB 16 Leases

In the current year, the Company has applied AASB 16 Leases, which is effective for annual periods that begin on or after January 1, 2019. AASB 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. The date of initial application of AASB16 for the Company is 1 July 2019. The change in definition of a lease mainly relates to the concept of control. AASB 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on "risks and rewards" in AASB 117 "Leases" and IFRIC 4 "Determining whether an Arrangement Contains a Lease".

Impact on lease accounting

AASB 16 changes how the Company accounted for operating leases under IAS 117 which were off balance sheet. Applying AASB 16, for all leases (except as noted below), the Company:

- Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
- Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss; and
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 117 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis. Under AASB 16, right-of-use assets are tested for impairment in accordance with AASB 136 Impairment of Assets. For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as photo copier and telephones), the Company has opted to recognise a lease expense on a straight-line basis as permitted by AASB 116. This expense is presented within 'administrative expenses' in profit or loss.

Given the nature of IDT's leased assets being classified as low-assets the impact from adopting AASB 116 Leases is not material.

Standards and interpretations on issue not yet adopted

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 2020 is $32,000 (2019: $175,000) and has been restated from Inventory to Contract Assets in the Statement of Financial Position. This does not impact on the Profit or Cashflows.

2 REVENUE

	2020 $000	2019 $000
Sales revenue	14,102	12,892
Other revenue		
- Interest	67	171
	14,169	**12,130**

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

Loss from ordinary activities before income tax expense includes the following expenses:		
Cost of goods sold	2,618	3,949
Depreciation of property, plant and equipment	1,906	2,171
Amortisation		
- Right of use asset	5	144
- Development costs	121	203
Repairs and maintenance	720	756
Impairment of intangible assets	736	-
Net foreign currency loss	33	51

4 INCOME TAX

	2020 $000	2019 $000
(a) Income Tax Benefit		
Current tax	(40)	(23)
Deferred tax	-	(1,151)
(Under) / over recognised current tax asset in prior period	(22)	(13)
	(62)	**(1,187)**
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from ordinary activities before income tax expense	(1,981)	(6,119)
Prima facie tax benefit at 27.5% (2019: 27.5%)	(545)	(1,682)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	(25)	9
Research and development tax concessions	25	23
Employee share issue	52	68
Impairment losses	(14)	-
	(507)	**(1,582)**
(Under) / over recognised Current tax asset in prior period	(21)	(13)
Deferred tax losses not brought to account	217	1,559
Prior year losses not brought to account	249	-
Income tax expense/(benefit) attributable to operating loss	**(62)**	**(36)**

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

	2020 $000	2019 $000
Cash at bank and on hand	6,860	9,497

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	4,732	2,232
Less: Provision for expected credit losses	(190)	-
	4,542	**2,232**
Accrued revenue	-	-
Other receivables	14	27
Prepayments	881	976
	5,437	**3,235**

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

Age of receivables which are past due, but not impaired:		
30-60 days	1	-
60-90 days	1	-
90+ days	1	1
	3	**1**

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.

Accrued revenue reflects progress completion and work performed but not yet invoiced on client projects.

After initial measurement, the collectability of receivable balances is reviewed on an ongoing basis and a provision raised if collection in full is no longer considered probable. Debts which are known to be uncollectable are written off. The Company does not have a history of collection delays, defaulted balances or client dispute and accordingly does not consider a provision for expected credit losses is currently necessary. Notwithstanding the forgoing Melinta Therapeutics has entered Chapter 11 insolvency and as a result a provision has been made for the full balance outstanding of $190,000.

7 CURRENT TAX ASSET

	2020 $000	2019 $000
Income tax receivable	40	23

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

	2020 $000	2019 $000 Restated
Raw materials - at cost	1,038	963
Less: Provision for stock obsolescence	(594)	(474)
	444	**489**

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

	2020 $000	2019 $000
Land and Buildings		
Freehold land (at fair value)	4,380	4,380
Buildings (at fair value)	5,255	5,255
Less: Accumulated depreciation	(296)	(164)
Total Land and Buildings	**9,339**	**9,471**
Plant and Equipment		
Plant and equipment – at cost	41,587	41,610
Less: Accumulated depreciation	(35,770)	(34,568)
Capital Work in Progress	370	159
	6,187	**7,201**
Right of Use Assets		
Capitalised cost	24	23
Less: Accumulated amortisation	(24)	(19)
	-	**4**
Total Plant & Equipment	**6,187**	**7,205**
Total Property, Plant and Equipment	**15,526**	**16,676**

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.

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**

2019

	Freehold Land $000	Buildings $000	Plant & Equipment $000	Right of Use Assets $000	Total $000
Carrying amount at start of year	4,380	5,212	8,597	521	18,710
Revaluation	-	-	-	-	-
Additions	-	-	1,143	-	1,143
Disposals	-	-	(489)	(373)	(862)
Depreciation expense	-	(121)	(2,050)	(144)	(2,315)
Carrying amount at end of year	**4,380**	**5,091**	**7,201**	**4**	**16,676**

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 19 February 2018. 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.

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

Carrying amounts are reviewed at least annually or whenever there is an indicator the asset's fair value may be impaired. In assessing the asset's fair value, future cashflows are estimated and discounted to their present value using a post-tax discount rate reflecting current market estimates of the time value of money and risks specific to the asset tested. If this calculated recoverable amount is less than the carrying amount, an impairment loss would be recognised immediately.

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 2020, 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 2020 there was no impairment charge.

10 INTANGIBLE ASSETS

	2020 $000	2019 $000
Development expenditure capitalised	269	1,759
Less: Accumulated amortisation development costs	(21)	(653)
	248	**1,106**
Reconciliation of Intangible Assets		
Carrying amount at start of year	1,105	1,251
Development expenditure capitalised during the year	-	58
Amortisation of development costs during the year	(121)	(203)
Development costs impaired during the year	(736)	-
Carrying amount at end of year	**248**	**1,106**

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**

Carrying amounts are reviewed at least annually or whenever there is an indicator the asset's fair value may be impaired. In assessing the asset's fair value, future cashflows are estimated and discounted to their present value using a post-tax discount rate reflecting current market estimates of the time value of money and risks specific to the asset tested. If this calculated recoverable amount is less than the carrying amount, an impairment loss would be recognised immediately.

11 DEFERRED TAX ASSET / (LIABILITY)

	2020 $000	2019 $000
Deferred Liability	**1,246**	**1,621**
The balance comprises temporary differences attributable to:		
Depreciation	1,178	1,317
Asset revaluation	-	-
Prepayments	-	-
Development costs	68	304
	1,246	**1,621**
Movements		
Opening balance at 1 July	1,621	2,173
Increase/(reduction) current tax expense	(375)	36
Current year increase/(decrease not recognised	-	(588)
Closing balance at 30 June	**1,246**	**1,621**
Deferred Tax Assets	**1,246**	**1,621**
The balance comprises temporary differences attributable to:		
Employee entitlements, accruals and other	624	331
Tax losses	622	1,290
	1,246	**1,621**
Movements		
Opening balance at 1 July	1,621	2,173
Increase/(reduction) current tax expense	76	(552)
Unused tax losses de-recognised	(451)	-
Charged/(credited) to equity	-	-
Closing balance at 30 June	**1,246**	**1,621**
Net Deferred Assets / (Liability)		
Deferred tax liability expected to settle within 12 months	-	-
Deferred tax liability expected to settle more than 12 months	1,246	1,621
	1,246	**1,621**
Deferred tax asset expected to be recovered within 12 months	-	-
Deferred tax asset expected to be recovered after more than 12 months	1,246	1,621
	1,246	**1,621**

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 2020 the Company has gross carried forward tax losses amounting to $19.8m (2019: $19.0m) and a further $12.3m (2019: $12.3m) capital losses which have not been recognised as assets in these financial statements.

12 TRADE AND OTHER PAYABLES

	2020 $000	2019 $000
Trade payables	397	433
Other payables	3,885	3,715
Total trade and other payables	**4,282**	**4,148**

13 BORROWINGS

Current		
Lease liabilities	5	4
Total current borrowings	**5**	**4**
Non Current		
Lease liabilities	-	5
Total non current borrowings	**-**	**5**

14 UNEARNED REVENUE

	2020 $000	2019 $000
Current		
Client prepayments	-	14
Contractual milestones received	39	137
Total current unearned revenue	**39**	**151**
Non Current		
Contractual milestones received	**-**	**844**

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	**626**	**657**
Non Current		
Employee entitlements	**337**	**382**

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

	2020 Shares	2019 Shares	2020 $000	2019 $000
Paid up capital - Ordinary shares, fully paid	239,313,032	236,359,103	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 2018	Employee share plan issues	2,632,046	-
	Forfeited employee shares	(961,626)	-
	Small parcel share buy back	(659,381)	(111)
	On market share buy back	(9,118,668)	(1,533)
30 June 2019	**Closing balance**	**236,359,103**	**51,189**
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**

During the year 3,345,000 (2019: 2,632,046) ordinary shares were issued within the rules of the IDT Australia Limited Employee Share Plan. 391,071 (2019: 961,626) shares were forfeited 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.

In October 2018 the Board of Director's concluded that the Company held cash reserves which exceeded forecasted operational requirements. It was resolved to return excess funds to shareholders through a small parcel share buy-back and an on market share buy-back within the "10/12 limit" as defined by the *Corporations Act 2001*. In the financial year ended 30 June 2019, $1.5 million was returned to shareholders through these buy backs. No shares were purchased in this current reporting period and the on market share buy-back was formally concluded in October 2019.

17 RESERVES

	2020 $000	2019 $000
Share-based payments reserve	3,588	3,382
Asset revaluation reserve	2,163	2,163
	5,751	**5,545**

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.

18 ACCUMULATED LOSSES

Accumulated losses at the beginning of the financial year	(31,724)	(25,641)
Net loss attributable to members of IDT Australia Limited	(1,919)	(6,083)
Accumulated losses at the end of the financial year	**(33,643)**	**(31,724)**

19 FINANCING ARRANGEMENTS

	2020 $000	2019 $000
Bank overdraft	-	-
Commercial loan	-	-
Lease liabilities	5	9
Total secured liabilities (current and non-current)	**5**	**9**

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	12	21
Available at balance date		
- Bank Overdraft	1,000	1,000
- Flexible Rate Commercial Loan	1,500	1,500
- Credit Card Facility	88	79

At 30 June 2020, the Company has cash reserves of $6.9 million. This cash balance is further supported by an unutilised facility of $2.5 million with National Australia Bank Ltd, which is next due for renewal on 31 July 2021. 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

Carrying value of assets pledged as Security		
- Freehold land and buildings	9,339	9,471
Total assets pledged as security	**9,339**	**9,471**

20 AUDITOR'S REMUNERATION

	2020 $000	2019 $000
Total amounts payable to Deloitte Touche Tohmatsu for:		
Audit and review of the company's financial statements	99,000	97,400
Other services	-	3,500
	99,000	**100,900**

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 from 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:

	2020 $000	2019 $000
Liquid Financial Assets		
Cash and cash equivalents	6,860	9,497
Trade receivables and other	5,437	3,235
Total financial assets	**12,298**	**12,732**
Financial Liabilities		
Trade and other payables	4,282	4,149
Borrowings, current and non current	5	9
Total financial liabilities	**4,287**	**4,158**
Net financial position	**8,011**	**8,574**

22 SHARE BASED PAYMENTS

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

During the year ended 30 June 2020, the Company issued 3,345,000 ordinary shares under the rules of the IDT ESP (2019: 2,632,046).

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

	2020 $000	2019 $000
Value of shares issued under employee share plan	189	246

Movement in number of shares under Employee Share Plan:	**2020**	**2019**
Opening balance	5,800,729	4,791,438
Employee Share Plan granted during the year	3,345,000	2,632,046
Shares on which limited recourse loans have been repaid	-	(467,469)
Shares on which escrow lifted	-	(193,660)
Forfeited during the year	(391,071)	(961,626)
Closing balance of shares on issue under Employee Share Plan	**8,754,658**	**5,800,729**

Key Accounting Policies

Executive Managers and Directors 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

Graeme Kaufman, retired 18 November 2019

Michael Kotsanis, from 23 March 2020

Mary Sontrop

Mr Kaufman and Ms Sontrop assumed Executive roles for the period 14 July 2017 through to 20 February 2018 and consequently they are not considered to be Independent Directors for a period of 3 years after ceasing these temporary Executive roles.

Mr Fisher, Mr Burrill 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, from 16 June 2020
Joanna Johnson	Chief Financial Officer, Joint Company Secretary, untill 15 June 2020
Danielle Savaglio	Vice President People and Change
Jim Sosic	Vice President Operations, Supply and Infrastructure
Daniel Broadhurst	Head of Quality, from 1 December 2019

	2020 $	2019 $
Directors and Key Management Personnel Compensation		
Short term employee benefits	1,300,154	1,510,365
Post-employment benefits	111,344	114,431
Long term benefits	35,215	27,213
Share based payments	148,276	191.822
	1,594,989	**1,844,831**

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:

	2020 Shares	2019 Shares
Ordinary shares issued to KMP	2,935,000	2,291,421
Ordinary shares forfeited by KMPs	391,071	444,444
Ordinary shares acquired	50,000	-
Ordinary shares sold after limited recourse loans repaid	-	190,527

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:

	2020	2019
Ordinary shares	5,617,410	5,512,577

There were no other transactions or contracts between the Company and Directors and Key Management Personnel in 2020 (2019: nil).

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

	2020 $000	2019 $000
Net cash inflow /(outflow) from operating activities	(1,888)	(1,516)
Depreciation and amortisation	(2,033)	(2,518)
Profit / (Loss) on Divestment – Property Plant and Equipment	-	(530)
Non-cash share based payment	(189)	(246)
Impairment of intangible assets	-	-
Change in operating assets and liabilities:		
Increase/(decrease) in receivables	2,180	(239)
Increase/(decrease) in inventories	(190)	(67)
Increase/(decrease) in current tax asset	17	(374)
(Increase)/Decrease in payables	1,216	(452)
Increase in other provisions	(75)	88
Increase/(decrease) in unearned revenue	(957)	(229)
Operating loss after income tax	**(1,919)**	**(6,083)**

26 EARNINGS PER SHARE

	2020	2019
Basic earnings per share	(0.8¢)	(2.5¢)
Diluted earnings per share	(0.8¢)	(2.5¢)
Weighted average number of ordinary shares on issue during the year used to calculate basic earnings per share	237,118,228	239,463,575
Weighted average number of ordinary shares on issue during the year used to calculate diluted earnings per share	237,118,228	239,463,575

	$000	$000
Basic Earnings per share		
Loss attributable to ordinary equity holders used in calculating basic earnings per share	(1,919)	(6,083)
Diluted earnings per share		
Loss attributable to ordinary equity holders used in calculating diluted earnings per share	(1,919)	(6,083)

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

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020 and Australian Government restrictions commenced in that same month. The financial statements have been prepared based upon conditions existing at 30 June 2020, which included the impact of COVID on the business at that time. The pandemic has caused disruption to businesses and economic activity. The Company considers further Government restrictions such as the Victorian Government's August 2020 Stage 4 restrictions in Melbourne to be a non-adjusting post balance sheet event and accordingly the financial effects post year end of COVID-19 have not been reflected in the financial statements at 30 June 2020. 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 2021 financial year earnings, cash flow and financial condition. To-date, post year end the impact of the pandemic on the business has been minimal. Options for COVID-19 related Government support are being pursued where they are available for the business to access.

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that 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 18 to 42 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 2020 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

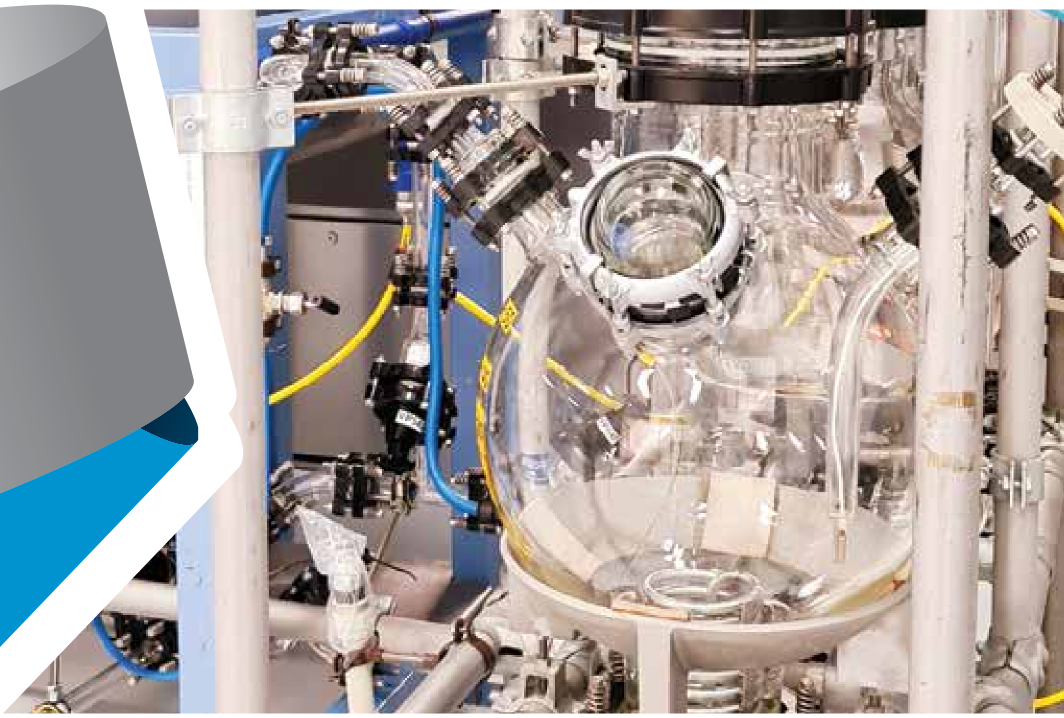
(c) the financial statements and notes thereto also comply with International Financial Reporting Standards as disclosed in Note 1.

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

Alan Fisher
Chair
25 August 2020



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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 2020, 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:

(i) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

(ii) 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 and 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.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter

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 2020 the Company's carrying value of Property, Plant and Equipment totals $15.5 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, specifically concerning future cashflows, discount rates and terminal growth rates.
	Our procedures included, but were not limited to:
	• Assessing the existence of potential impairment indicators at year end, as the Company realised a current year loss of $1.9m (loss $6.1m in FY19);
	• 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 FY20 forecast against actual results;
	• In conjunction with our valuation specialists:
	    o assessing the appropriateness of management's FVLCD methodology
	    o testing the mathematical accuracy of the FVLCD model
	    o challenging key assumptions, including the FY21 revenue assumptions by comparing them to FY20 performance, existing customer agreements, probability-weighted support for FY21 growth opportunities including technical feasibility assessments 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 the impact of COVID-19
	    o evaluating the discount rate used by comparison to an independently developed rate;
	• Performing sensitivity analysis on the FVLCD model using varied discount rates and growth projections to simulate alternative market conditions and outcomes and
	• Assessing the appropriateness of the disclosures included in Note 9 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020, 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.

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 Company's ability 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 have 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.

Deloitte.

- 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 ability to continue as a going concern. If we conclude that a material 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's 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 pages 8 to 11 of the Report of the Directors' for the year ended 30 June 2020.

In our opinion, the Remuneration Report of IDT Australia Limited, for the year ended 30 June 2020, 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 2020

Shareholder Information

The shareholder information set out below was applicable as at 10 August 2020.

A DISTRIBUTION OF EQUITY SECURITIES

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

	Holders 2020	Holders 2019
1 - 1,000	133	122
1,001 - 5,000	406	318
5,001 - 10,000	302	274
10,001 - 100,000	658	589
100,001+	193	189
	1,692	**1,492**

B TWENTY LARGEST INDIVIDUAL SHAREHOLDERS

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

	Number Held	Percentage of Issued Shares
UBS NOMINEES PTY LTD	28,140,173	11.76
CITICORP NOMINEES PTY LIMITED	16,214,169	6.78
I'ROM GROUP CO LTD	15,793,001	6.6
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,006,448	5.02
ONE MANAGED INVT FUNDS LTD	11,414,315	4.77
BRISPOT NOMINEES PTY LTD	8,981,173	3.75
NATIONAL NOMINEES LIMITED	8,183,784	3.42
GRAEME LESLIE BLACKMAN	7,029,710	2.94
CS FOURTH NOMINEES PTY LIMITED	6,286,074	2.63
JAMPLAT PTY LTD	5,303,927	2.22
MR ANTHONY JOHN HUNTLEY	5,070,044	2.12
PAULENE BLACKMAN	4,457,737	1.86
BELGRAVIA STRATEGIC EQUITIES PTY LTD	3,999,791	1.67
MR RODNEY BRUCE EBSWORTH	3,750,000	1.57
PICHERIT'S FARM PTY LTD	3,200,000	1.34
MR ANTHONY HUNTLEY	2,766,338	1.16
GOEN INVESTMENTS PTY LTD	2,750,000	1.15
DAVID SPARLING	2,561,144	1.07
MR ANTHONY JOHN HUNTLEY	2,500,000	1.04
MR GAVIN GEORGE ROGERS & MS KATHRYN ANN ROGERS	2,500,000	1.04
	150,429,377	**63.66%**

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
Bank of America and its related bodies corporate	16,171,216
Regal Funds Management Pty Ltd	26,360,286
Anthony Huntley, and associated entities	12,828,815

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.

idt australia

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