

**IDT Australia Limited**  
**ASX Preliminary final report - 30 June 2013**

(Previous corresponding period is the year ended 30 June 2012)

Lodged with the ASX under Listing Rule 4.3A

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**Results for Announcement to the Market**

				<b>\$'000</b>
<b>Revenue</b> from ordinary activities	<b>up</b>	7%	to	<b>10,660</b>
<b>Profit/(loss)</b> from ordinary activities before tax attributable to members	<b>down</b>	48%	to	<b>(5,417)</b>
<b>Net profit/(loss)</b> for the period attributable to members	<b>down</b>	191%	to	<b>(5,354)</b>

<b>Dividends/distributions</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
Interim dividend	-	-
Final dividend	-	-
Total dividend for year	-	-
Total dividend for previous corresponding year	-	-

## **Report of Directors on Financial Results**

- **New Management team to revitalise IDT's business model**
- **Strategic Investment by Japanese company I'rom Holdings Co Limited**
- **Strengthening of the Company's balance sheet**
- **Progress with new value adding projects**

IDT's FY13 revenue result of \$10.66 million represents a revenue increase of 7% from the previous financial year. This increase is a result of a stronger performance from IDT's Clinical Trials operation, CMAX. Aligned with this improvement, however, IDT's manufacturing facilities experienced again a delay of projects by clients until FY14 and beyond due to client regulatory issues. Whilst the Board intended to bring in a better result than the previous year, the 2012-13 year delivered an after tax loss from operations of \$5.4 million inclusive of the write downs described below.

The board has determined that \$1.0m in intangible assets will be written off. These assets constitute certain capitalised development projects that are currently not a high priority for the Company, but nevertheless remain available for development should these priorities change. These write downs do not impact on the Company's cash position.

The result also includes an impairment of deferred tax losses to the value of \$1.4m. Notwithstanding this prudent accounting treatment, the losses remain available to be utilised once the Company achieves future profitability. This impairment does not impact on the Company's cash position.

The company invested some \$0.5 million in facility, technology and system upgrades to broaden the scope of work able to be undertaken and to enable our facilities to continue to meet world-wide regulatory compliance requirements.

During the year the company undertook an independent valuation of its land and buildings. The company's property assets were valued at \$9.3 million, and consequently the directors have recorded a revaluation increment of \$2.217 million to land and buildings.

The announced strategic investment in IDT by Japanese company I'rom Holdings Co Limited has created a strong alliance for the two companies to increase business opportunities in the areas of clinical site management, clinical trials and drug manufacture. In a short space of time the alliance has already opened up a number of Japanese business opportunities. The net proceeds of the share issue of \$1.6 million will be used for working capital requirements, to accelerate the development of IDT's CMAX clinical trials business and in conjunction with I'rom establish a Site Management network of medical institutions and practices.

The FY14 year has commenced with a continued strong performance from CMAX and signs of improved utilization of the Boronia manufacturing infrastructure. The Company has also experienced an increase in the number of enquiries for IDT's manufacturing services.

The IDT Management team has been refreshed with the addition of experienced and well-credentialed members most particularly our new Chief Executive Officer, Dr Paul MacLeman. In addition, new senior commercial management have been appointed with international experience from pharmaceutical companies such as Actelion, Aspen, Catalent and CSL.

In conjunction with the board, the new management team has developed a strategic plan to grow the Company's base business and return it to profitability, to utilize existing unleveraged intellectual property to bring to market a range of IDT owned generic drugs and to seek out more substantial projects that will add significantly to the value of the Company.

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These activities have already commenced and developments will be announced as strategic milestones are achieved.

In support of these strategy and management changes IDT's board has been strengthened with the appointment of Mr. Graeme Kaufman and Mr. Reo Shigeno to the Company's board of directors. Two foundational directors Mr. Robert Burnet and Mr. Alan Blackman have retired after many years of service and contribution to the Company and as has been announced, Dr Graeme Blackman will be stepping aside as Chairman at the end of September, while continuing as a member of the board and Mr. Graeme Kaufman will be assuming the role of Chairman as of 1<sup>st</sup> October 2013.

Mr. Kaufman brings extensive experience in finance, manufacturing and drug development from experience at companies such as CSL, Amrad, Circadian and Mesoblast amongst others. Mr. Kaufman is currently also Chairman of Bionomics and a non-executive director of Cellmid.

CEO Dr Paul MacLeman has also been appointed to the board as Managing Director.

Post the June 30 balance date, the company's bankers, NAB, renewed the company's banking facilities. Specifically, the bankers have renewed the \$1m overdraft facility to 31 October 2014 and the \$2.75m Commercial Bill facility until 31 October 2016.

On August 29 2013, the company announced a fully underwritten non-renounceable Rights Issue of 1:5 expected to raise \$2.88m (before costs) by the issue of 10,679,659 ordinary shares at \$0.27.

The company also announced a fully underwritten placement of 11,481,482 shares at \$0.27 to institutional and sophisticated investors. It is expected that this placement will raise \$3.1m (before costs). This placement will require approval by shareholders at a General Meeting. The rights issue and placement are both underwritten by Wilson HTM.

These funding initiatives will ensure that the company is able to continue as a going concern, provide flexibility in managing the fluctuations in the company's working capital requirements and provide capital to advance new strategies including the development of IDT drug registrations.

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IDT Australia Limited  
Preliminary Statement of Comprehensive Income  
For the year ended 30 June 2013

	<b>2013</b>	2012
	<b>\$ 000</b>	\$ 000
Revenue from ordinary activities	10,660	9,984
Raw materials and consumables used	384	24
Employee benefits expense	7,195	6,534
Depreciation and amortisation expense	2,723	2,864
Impairment of development costs	1,016	841
Borrowing costs expense	128	40
Utilities	798	591
Repairs and maintenance	600	504
Subject and Screenings	725	609
Insurance	418	401
Waste Removal	116	33
Consumables	115	102
Travel	56	111
Share Registry	51	25
Accounting	151	78
Consultants	430	180
Rent	296	372
Other expenses	875	331
(Loss) from ordinary activities before income tax expense	<u>(5,417)</u>	<u>(3,656)</u>
Income tax (benefit)	<u>(63)</u>	<u>(1,819)</u>
Net (Loss) attributable to members of IDT Australia Limited	(5,354)	(1,837)
Other Comprehensive Income		
Revaluation gain on Land & Buildings	2,217	-
Income tax relating to components of other comprehensive income	(665)	-
Total Other Comprehensive Income	<u>1,552</u>	<u>-</u>
Total Comprehensive Income	<u>(3,802)</u>	<u>-</u>
Basic earnings per share	(12.1¢)	(4.3¢)
Diluted earnings per share	<u>(12.1¢)</u>	<u>(4.3¢)</u>

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IDT Australia Limited

Notes to the Preliminary Statement of Comprehensive Income  
for the year ended 30 June 2013

	<b>2013</b>	2012
	<b>\$ 000</b>	\$ 000
<b>REVENUE</b>		
Revenue from operating activities	10,593	9,808
Revenue from Outside the Operating Activities		
- Interest	-	11
- Government Grants	-	80
- Sale of non current assets	-	-
- Royalties	67	85
	67	176
Total Revenue	10,660	9,984

**OPERATING PROFIT/LOSS**

Profit/(Loss) from ordinary activities before income tax expense/(benefit) includes the following specific expenses:	<b>2013</b>	2012
	<b>\$ 000</b>	\$ 000

**Expenses**

Cost of Goods Sold	1,817	1,384
Finance charges relating to finance leases	-	6
Depreciation of property, plant and equipment	2,326	2,446
Amortisation		
Finance leases capitalised	25	23
Development Costs	398	395
Impairment of development costs	1,016	841
Repairs and maintenance	623	505
Employment restructure costs	-	41

**INCOME TAX**

Numerical reconciliation of income tax expense/ (benefit) to prima facie tax payable. The differences are reconciled as follows:

Profit/(Loss) from ordinary activities before income tax expense	(5,417)	(3,656)
Prima facie tax expense/(benefit) at 30%	(1,625)	(1,097)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Non deductible entertainment expenses	2	2
Development costs deduction	(271)	(727)
Motor vehicle depreciation	2	3
Capital raising costs	(21)	-
	(1,913)	(1,819)
Under (over) provision in previous year	407	-
De-recognition of deferred tax losses	1,443	-
Income tax (benefit) attributable to operating profit/(loss)	(63)	(1,819)

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IDT Australia Limited  
Preliminary Statement of Financial Position  
as at 30 June 2013

	<b>2013</b>	2012
	<b>\$ 000</b>	\$ 000
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	578	13
Trade and other receivables	3,664	2,806
Inventories	675	1,242
Current tax assets	271	714
<b>TOTAL CURRENT ASSETS</b>	<u>5,188</u>	<u>4,775</u>
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	23,159	22,884
Deferred tax assets	2,924	3,367
Intangible Assets	2,359	3,186
<b>TOTAL NON CURRENT ASSETS</b>	<u>28,442</u>	<u>29,437</u>
<b>TOTAL ASSETS</b>	<u>33,630</u>	<u>34,212</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	1,662	1,345
Borrowings	1,931	800
Provisions	984	1,241
<b>TOTAL CURRENT LIABILITIES</b>	<u>4,577</u>	<u>3,386</u>
<b>NON CURRENT LIABILITIES</b>		
Borrowings	18	78
Deferred tax liabilities	2,924	2,437
Provisions	82	176
<b>TOTAL NON CURRENT LIABILITIES</b>	<u>3,024</u>	<u>2,691</u>
<b>TOTAL LIABILITIES</b>	<u>7,601</u>	<u>6,077</u>
<b>NET ASSETS</b>	<u>26,029</u>	<u>28,135</u>
<b>EQUITY</b>		
Contributed equity	17,031	15,377
Reserves	3,263	1,669
Retained profits	5,735	11,089
<b>TOTAL EQUITY</b>	<u>26,029</u>	<u>28,135</u>

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IDT Australia Limited  
Notes to the Preliminary Statement of Financial Position  
for the year ended 30 June 2013

	<b>2013</b>	2012
	<b>\$ 000</b>	\$ 000
<b>CURRENT ASSETS - CASH AND CASH EQUIVALENTS</b>		
Cash at bank and on hand	578	13
 <b>CURRENT ASSETS – TRADE AND OTHER RECEIVABLES</b>		
Trade Receivables	3,103	2,211
Less: Provision for Doubtful Debts	-	-
	3,103	2,211
Other Receivables	148	155
Prepayments	413	440
	3,664	2,806
 <b>CURRENT ASSETS - INVENTORIES</b>		
Raw Materials - at cost	534	638
- at net realisable value	-	-
	534	638
Work in Progress - at cost	141	604
	675	1,242
 <b>NON CURRENT ASSETS – INTANGIBLE ASSETS</b>		
Development expenditure capitalised	3,396	3,983
Less: Accumulated amortisation	(1,037)	(797)
	2,359	3,186
Reconciliation of Intangible Assets		
Carrying amount at start of year	3,186	3,284
Development expenditure capitalised during the year	587	1,138
Amortisation of development costs during the year	(398)	(395)
Development costs - impaired during the year	(1,016)	(841)
Carrying amount at end of year	2,359	3,186
 <b>CURRENT LIABILITIES – BORROWINGS</b>		
Lease Liabilities	81	50
Borrowings	1,850	750
	1,931	800
 <b>NON CURRENT LIABILITIES – BORROWINGS</b>		
Lease Liabilities	18	78
	18	78

IDT Australia Limited  
Preliminary Statement of Changes in Equity  
for the year ended 30 June 2013

**STATEMENT OF CHANGES IN EQUITY**

	Notes	Contributed Capital	Asset Revaluation Reserve	Share-based Payment Reserve	Retained Profits	Total Equity
		\$	\$	\$	\$	\$
<b>Balance at 1 July 2011</b>		15,377	-	1,669	12,926	29,972
Profit / (loss) for the year		-	-	-	(1,837)	(1,837)
Other comprehensive income for the year		-	-	-	-	-
Shares issued during the year		-	-	-	-	-
<b>Balance at 30 June 2012</b>		<u>15,377</u>	<u>-</u>	<u>1,669</u>	<u>11,089</u>	<u>28,135</u>
<b>Balance at 1 July 2012</b>		15,377	-	1,669	11,089	28,135
Profit / (loss) for the year		-	-	-	(5,354)	(5,354)
Other comprehensive income for the year		-	1,552	-	-	1,552
Shares issued during the year		2,000	-	-	-	2,000
Transaction costs		(354)	-	-	-	(354)
Share options		-	-	42	-	42
Prior year adjustment		8	-	-	-	8
<b>Balance at 30 June 2013</b>		<u>17,031</u>	<u>1,552</u>	<u>1,711</u>	<u>5,735</u>	<u>26,029</u>

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IDT Australia Limited  
Preliminary Statement of Cashflow  
for the year ended 30 June 2013

	<b>2013</b>	2012
	<b>\$ 000</b>	\$ 000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	10,753	10,919
Payments to suppliers and employees	<u>(12,578)</u>	<u>(10,472)</u>
	(1,825)	447
Interest and other costs of finance paid	(128)	(40)
Income taxes (paid) / refund	<u>771</u>	<u>-</u>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<u>(1,182)</u>	<u>407</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(547)	(1,283)
Proceeds from sale of property, plant and equipment	164	44
Payments for development costs	(587)	(1,138)
Interest received	<u>-</u>	<u>11</u>
<b>NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES</b>	<u>(970)</u>	<u>(2,366)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments for issue of equity	(354)	-
Proceeds from issue of equity	2,000	-
Proceeds from borrowings	1,100	750
Repayment of lease liabilities	<u>(29)</u>	<u>(10)</u>
<b>NET CASH (OUTFLOW) FROM FINANCING ACTIVITIES</b>	<u>2,717</u>	<u>740</u>
<b>NET INCREASE / (DECREASE) IN CASH HELD</b>	565	(1,219)
Cash at the beginning of the financial year	<u>13</u>	<u>1,232</u>
<b>CASH AT THE END OF THE FINANCIAL YEAR</b>	<u>578</u>	<u>13</u>

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 Note to Preliminary Statement of Cashflow  
 for the year ended 30 June 2013

<b>RECONCILIATION OF NET CASH INFLOW FROM OPERATING ACTIVITIES TO OPERATING PROFIT AFTER INCOME TAX</b>	<b>2013 \$ 000</b>	<b>2012 \$ 000</b>
Net cash inflow (outflow)from operating activities	(1,182)	407
Impairment of Development costs	(1,016)	(841)
Depreciation and amortisation	(2,723)	(2,864)
Interest Income	-	11
Non cash share based payment	(42)	-
Non cash share plan costs	(8)	-
Change in operating assets and liabilities		
(Decrease)/Increase in receivables	858	62
(Decrease)/Increase in inventories	(567)	117
(Increase)/Decrease in payables	(317)	(573)
(Increase)/Decrease in other current tax	(443)	714
(Increase)/Decrease in provision for deferred income tax	(265)	1,105
(Increase)/Decrease in other provisions	351	25
Operating (loss) after income tax	<u>(5,354)</u>	<u>(1,837)</u>

**Changes in accounting policy**

Land and Buildings are held at independent valuation.

**Segment note**

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

**Discontinuing operations**

NIL

**Events occurring after reporting date**

Refer Report of Directors on page 4

**Additional dividend/distribution information**

Details of dividends/distributions declared or paid during or subsequent to the year ended 30 June 2013 are as follows:

Directors resolved not to pay a dividend.

**Dividend/distribution reinvestment plans**

Not Applicable

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**Retained Earnings**

	<b>2013</b> <b>\$'000</b>
Retained earnings at the beginning of the financial year	11,089
Net (loss) attributable to members of IDT AUSTRALIA LIMITED	(5,354)
Dividends provided for or paid	-
Retained profits at the end of the financial year	<u>5,735</u>

**NTA Backing**

	<b>2013</b>	2012
Net tangible asset backing per ordinary share	\$0.44	\$0.58

**Controlled entities acquired or disposed of**

Not applicable

**Associates and Joint Venture entities**

Not applicable

**Foreign Accounting standards**

Not applicable.

**Audit**

This report is based on accounts that are in the process of being audited. The directors do not expect any adjustments to the content of this Appendix 4E

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