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Notice of Annual General Meeting

The Annual General Meeting of IDT

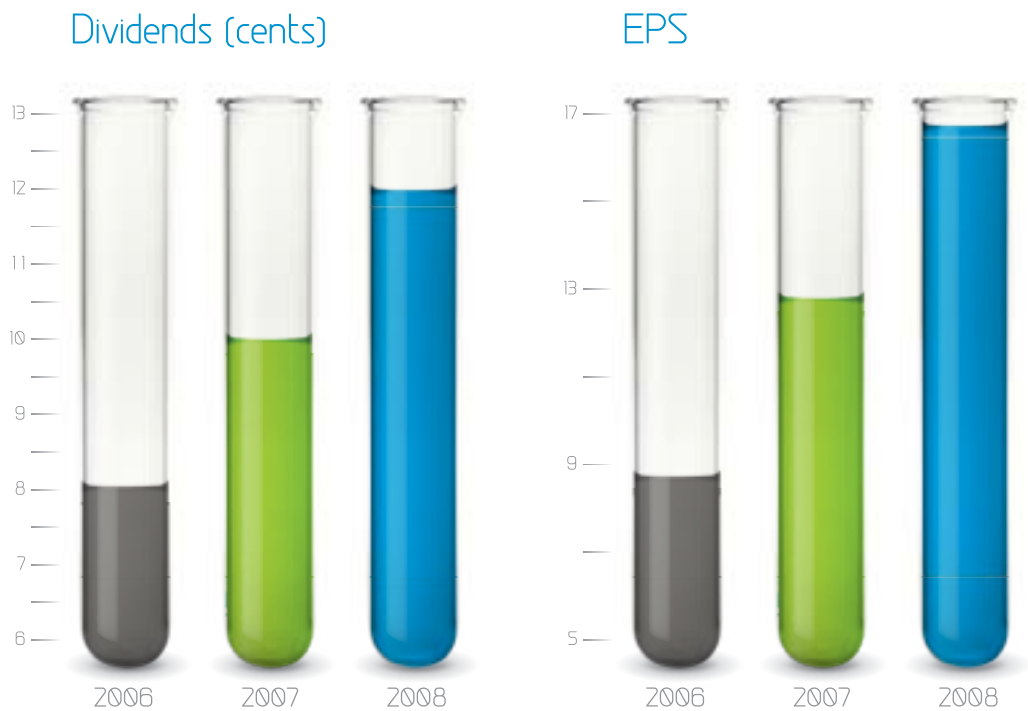
Australia Limited will be held at
45 Wadhurst Drive, Boronia,
on 31 October 2008 at 10.00am.

Niche Market

IDT specialises in the development, scale up and cGMP manufacture of highly-potent active pharmaceutical ingredients and finish dosage forms according to international standards.



IDT has delivered outstanding financial results for the 2007/2008 year with record growth in all key areas of the business.



Board of Directors

Our full service approach, highly experienced team and the use of our world class facilities, enables IDT to take a product from development through to clinical testing with ease and expertise.



Executive Chairman

Dr Graeme L Blackman

BSc(Hons), PhD, FRACI, FTSE



Alan D Blackman

BA(Hons), LLB(Hons)



Robert Burnet

BA, MBA, FPSA(Hon)



Deputy Chairman

Geoffrey F Lord

BEco (Hons), MBA (Distn),
ASSA, AICD



Managing Director

Dr Robyn Elliott

BSc(Hons), PhD



Dr Geoffrey N Vaughan

AO, MSc, PhD, FRACI, FTSE

Our company focus on increasing shareholder wealth is equalled by our dedication to support a company culture based on customer responsiveness, people development, principled decision making and community support.

Chairman's Report

I am pleased to report to shareholders on the results for IDT for the 2007/2008 year.

The company vision is to be an outstanding pharmaceutical drug development and manufacturing company specialising in products requiring containment.

Through strong growth in the contract drug development area combined with a solid performance from the clinical division, CMAX, IDT has certainly delivered outstanding financial results for the 2007/2008 year.

Financial Highlights

- **Revenue: up 18% to \$31.5M**
- **Net Profit: up 30% to \$7.1M**
- **EPS up 30% to 16.5 cents**

The Directors have announced a fully franked final dividend for the year of 6.5 cents per share. This brings the dividend for the full year to 12 cents per share, an increase of 20% over the previous year. Record date for determination of the dividend is 10 October 2008 and payment of the dividend will be made to shareholders on 24 October 2008.

In 2007/2008 IDT completed the construction and validation of the new 4000L facility dedicated to the on-going collaborative project between Pfizer and IDT. This "state of the art" facility was recently opened by Victorian Premier John Brumby and is ready to commence production of a new antibiotic active pharmaceutical ingredient to meet Pfizer's late stage clinical program needs. The benefit of this successful collaboration involving R&D and manufacturing for both API and finished product will be seen in IDT's financial results for years to come.

A number of other active pharmaceutical ingredient and finished dosage form projects requiring containment are moving through the clinical pathways required for registration and commercialization. These products will add to the sound financial base developed by IDT.

Strong clinical revenue was also generated by IDT's CMAX clinical trial division in 2007/2008 due to CMAX undertaking several significant Phase I clinical trials for international companies.

At IDT we value all stakeholders. Our company focus on increasing shareholder wealth is equalled by our dedication to support a company culture based on customer responsiveness, people development, principled decision making and community support. The year saw new advances in each of these areas of corporate responsibility.

During the year under review, the Board appointed Dr Robyn Elliott, our former General Manager, as Managing Director. I will continue in a part time executive role as Chairman of the Board. The transition to a new Managing Director has been smooth and effective and I thank both the Board and Dr Elliott for enabling this to occur.

The Board recognizes the extraordinary commitment made by management and staff to meeting IDT's high performance objectives and expresses its thanks for their contribution to the achievement of a highly successful and record year for the company.



Dr Graeme L Blackman
Chairman

Future Directions - a new way

Through innovation, planning and dedication, the staff at IDT have delivered a record financial year and paved the way for future growth.



Over the last 12 months IDT has invested strongly in business development, new facilities and additional resources. We are now well positioned to service a growing demand for contract development, manufacturing and clinical trial services.

Managing Director's Report

The "Future Directions" growth plan is IDT's signature policy designed to continue to transform the company into a high performing, global organisation that provides outstanding sustainable business profit growth and shareholder return on investment.

The commencement of this plan has coincided with a world-wide increase in the trend to outsource pharmaceutical development and manufacturing activities. Over the last 12 months IDT has invested strongly in business development, new facilities and additional resources. We are now well positioned to service this growing demand.

Milestones

- **IDT launched a new corporate image and marketing plan to enhance the company's international recognition as a major service provider in the areas of high potency drug development, manufacture, and provision of clinical trial services.**
- **IDT increased resources dedicated to business development and client liaison in order to foster a greater global focus.**
- **IDT won expanded contracts with current clients and work from new international clients.**
- **IDT signed a contract with a US company which provides increased marketing representation for IDT in the US.**

- **IDT completed the construction and validation of new containment manufacturing and logistics facilities, and the training of new technical staff, to ensure that the infrastructure and resources are available to meet the medium term requirements of the growth plan.**
- **IDT implemented "state of the art" technologies such as ambulatory telemetry at its CMAX clinical trials division and on line "React IR" infrared monitoring at its Boronia manufacturing facility to provide additional client services.**
- **IDT instigated a system for reviewing global opportunities for external growth through partnership and acquisitions.**

The early benefits of the "Future Directions" strategy are already evident in the 2007/2008 financial results.

I take this opportunity to thank the IDT staff who constantly demonstrate extraordinary skill, unerring commitment, support for each other and pride in their company.



Dr Robyn Elliott
Managing Director

Facilities

IDT has developed a Facilities Master Plan to ensure that the company can meet the expected demand from business growth over the next 3 to 5 years.



Pfizer teams in the USA and the UK have worked in collaboration with the R&D and Engineering groups within IDT to make the new plant a reality.

Our facilities

IDT has more than doubled its manufacturing capacity during the 2007/2008 year by building and validating the following API manufacturing facilities:

- **100L containment**
- **400L non - containment**
- **4000L containment**

IDT also purchased buildings at 39 and 41 Wadhurst Drive, Boronia to allow for further expansion of manufacturing and support services.

The completion of the 4000L API facility dedicated to the Pfizer project was a major milestone in IDT's history. Pfizer teams in the USA and the UK have worked in collaboration with the R&D and Engineering groups within IDT to make the new plant a reality.

CMAX, IDT's clinical trial division operates from the Royal Adelaide Hospital in South Australia, and utilises the services of the RAH medical staff and ethics committee.

Site Locations

IDT has facilities at three locations.

IDT Australia Limited

45 Wadhurst Drive
Boronia Victoria 3155
Australia

Phone +61 3 9801 8888

Fax +61 3 9801 8773

Web www.idtaus.com.au

Email webmaster@idtaus.com.au

CMAX

274 Melbourne Street
North Adelaide
South Australia 5006
Australia

Phone +61 8 8416 3100

Fax +61 8 8361 8615

Web www.cmax.com.au

Email cmax@cmax.com.au

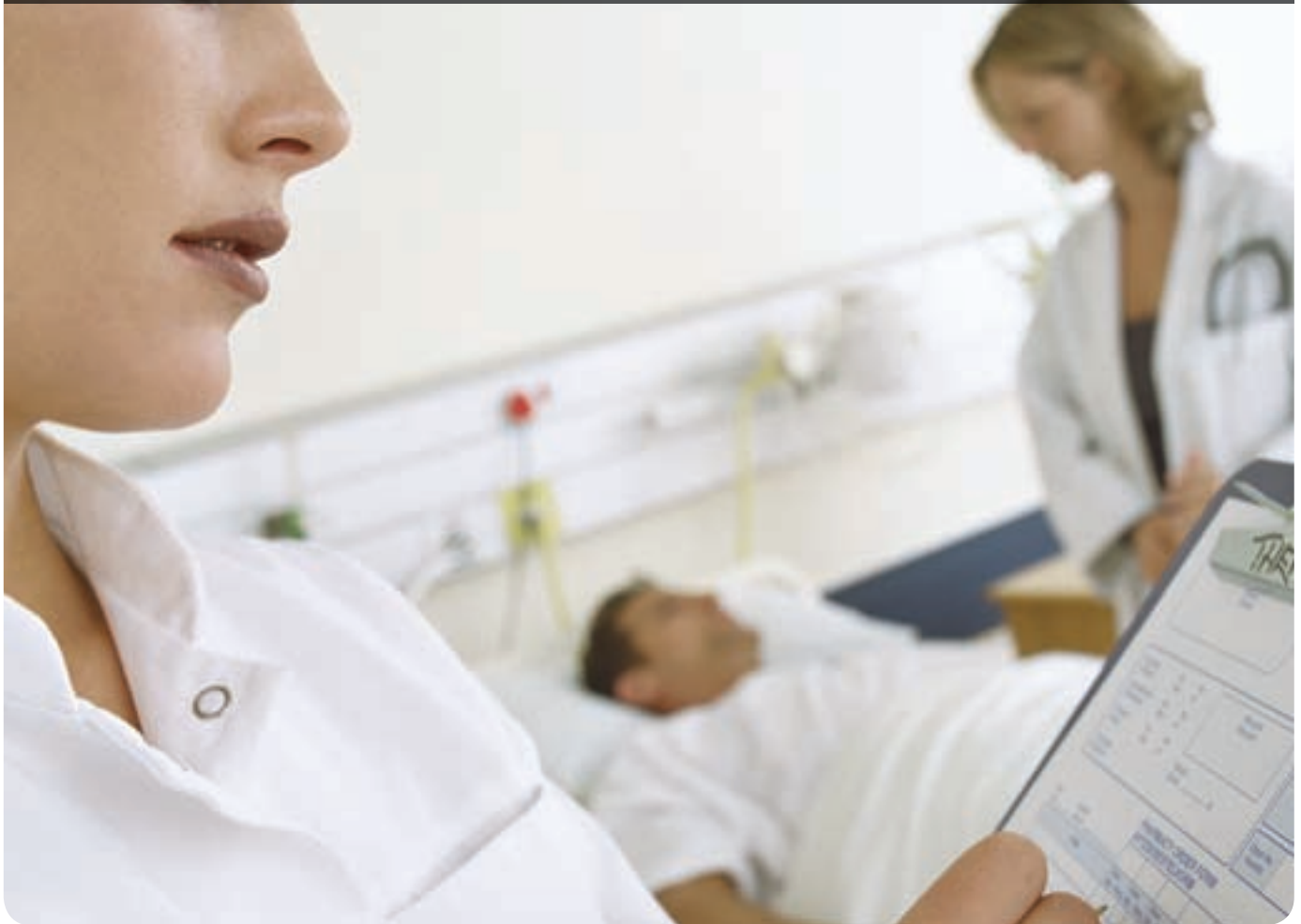
CMAX Clinical Unit

Royal Adelaide Hospital

Level 5 East Wing
Royal Adelaide Hospital
North Terrace
Adelaide
South Australia 5000
Australia

Company Information

IDT is an Australian pharmaceutical manufacturing company with 25 years experience in the development and production of pharmaceutical products for local and international markets.



Secretary

Adrian McKenzie
BBus, Grad.Dip.CSP, ICAA.

Share Register

ComputerShare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford Victoria 3067
Australia

Stock Exchange

Australian Stock Exchange Limited
530 Collins Street
Melbourne Victoria 3000
Australia

Bankers

National Australia Bank Limited
NAB Health
Level 2, 151 Rathdowne Street
Carlton Victoria 3053
Australia

Auditors

RSM Bird Cameron Partners
Level 8, Rialto South Tower
525 Collins Street
Melbourne Victoria 3000
Australia

Web Address

www.idtaus.com.au
www.cmax.com.au

Financial Report

For the year ended 30 June 2008

Report of the Directors - 30 June 2008

Your directors present their report on the financial statements of the company for the year ended 30 June 2008.

The following persons were directors of IDT Australia Limited during the whole of the financial year and up to the date of this report:

- G L Blackman (Chairman)
- G F Lord (Deputy Chairman)
- A D Blackman
- G N Vaughan
- R Burnet
- R Elliott

R Elliott was appointed as a director on 2 January 2008 and continued in office at the date of this report.

Principal Activities

The principal activities of the company in the course of the year were the supply of products and provision of research and development and other technical services for the pharmaceutical and allied industries.

Results

The net result of operations after applicable income tax expense was a profit of \$7,110,000 (2007: \$5,467,000).

Dividends

Dividends paid to members during the financial year were as follows:

	2008 \$'000	2007 \$'000
Final ordinary dividend for the year ended 30 June 2007 of 5.5 cents (2006 - 4.5 cents) per fully paid share paid on October 2007	2,364	1,932
Interim ordinary dividend for the year ended 30 June 2008 of 5.5 cents (2007 - 4.5 cents) per fully paid share paid on April 2008	2,364	1,933
	4,728	3,865

In addition to the above dividends, since the end of the financial year the directors have recommended the payment of a final ordinary dividend of \$2,794,000 (6.5 cents per fully paid share) to be paid on 24 October 2008 out of retained profits at 30 June 2008.

Review of Operations

During the year, the company continued to provide consulting research and development services and products for clients in the pharmaceutical and allied industries. A detailed review is given on page 5 and 7 of this annual report.

Matters Subsequent to the End of the Financial Year

There was at the date of this report no matter or circumstance which has arisen since 30 June 2008 that has significantly affected or may significantly affect:

- the operations of the company;
- the results of those operations; or
- the state of affairs of the company.

For the year ended 30 June 2008

Report of the Directors - 30 June 2008 (continued)

Likely Developments

In the opinion of the directors, disclosure of additional information to that reported in this Report of the Directors regarding likely developments in the operations of the company and the expected results of those operations in subsequent financial years would unreasonably prejudice the interests of the company. Accordingly, this information has not been included in this report.

Environmental Regulations

The company is subject to environmental controls in relation to its manufacturing operations. These include obligations to comply with provisions of the Environment Protection Act and a Trade Waste Agreement with South East Water. The company is also subject to environmental audits by local and international clients. At the date of this report, the company has not been found to be in breach of any of its environmental obligations.

Insurance of Officers

During the financial year, the company has paid an insurance premium insuring all officers of the company. The officers of the company include the directors. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the company. The insurance premium paid during the financial year was \$9,982.

Share Options

Unissued ordinary shares of IDT Australia Limited under option at the date of this report are:

Date Options Granted	Expiry Date	Issue Price of Shares	Number of Options
28 September 2004	28 September 2008	\$2.77	360,000
2 November 2004	2 November 2008	\$2.85	1,000,000

The names of all persons who currently hold options granted under the Executive Share Option Plan are kept in the register pursuant to Section 216C of the Corporations Act 2001 and the register may be inspected free of charge.

There were no options granted or exercised under the Executive Share Option Plan during the year ended 30 June 2008.

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 under review not otherwise disclosed in this report or the financial statements.

For the year ended 30 June 2008

Report of the Directors - 30 June 2008 (continued)

Meetings of Directors

The following table sets out the number of meetings of the company's directors held during the year ended 30 June 2008, and the number of meetings attended by each director.

Director	Board		Audit Committee		Remuneration Committee		Nomination Committee	
	A	B	A	B	A	B	A	B
G L Blackman	11	11					2	2
A D Blackman	11	11	2	2	2	2	2	2
R Burnet	11	10	2	2	2	2		
R Elliott	4	4						
G F Lord	11	10			2	2	2	2
G N Vaughan	11	11	2	2			2	2

A = Meetings held while a director or member.

B = Meetings attended while a director or member.

Information on Directors

Dr Graeme L Blackman

Age 62

Qualifications BSc(Hons), PhD, FRACI, FTSE

Experience Formerly Professor of Pharmaceutical Chemistry, Victorian College of Pharmacy. Extensive experience in research and development and commercial scientific consulting.

Other Current Directorships None

Former Directorships in Last 3 Years None

Responsibilities Chairman of the Board since 1986 and former Managing Director (1988-2007). Member of Nomination Committee.

Particulars of equity interests in company 5,830,313 fully paid ordinary shares. 200,000 options.

Alan D Blackman

Age 60

Qualifications BA(Hons), LLB(Hons)

Experience Practising lawyer with considerable experience in corporate and commercial law.

Other Current Directorships None

Former Directorships in Last 3 Years None

Responsibilities Non executive director since 1986. Member of Nomination, Remuneration and Audit Committees.

Particulars of equity interests in company 129,600 fully paid ordinary shares. 200,000 options.

Robert Burnet

Age 65

Qualifications BA, MBA, FPSA(Hon)

Experience Formerly Campus Director Clayton and Berwick Campuses, Monash University. Experienced in university management in general and pharmaceutical teaching and research in particular. Currently a consultant in crises management and recovery.

Other Current Directorships None

Former Directorships in Last 3 Years None

Responsibilities Non executive director since 1986. Member of Audit and Remuneration Committees.

Particulars of equity interests in company 262,000 fully paid ordinary shares (direct). 155,400 fully paid ordinary shares (indirect). 200,000 options.

For the year ended 30 June 2008

Report of the Directors - 30 June 2008 (continued)

Geoffrey F Lord

Age 63

Qualifications BEco(Hons), MBA(Distrn), ASSA, AICD

Experience Formerly Chief Executive and Deputy Chairman of Elders Resources Limited.

Other Current Directorships Presently Chairman and Chief Executive of Belgravia Group Pty Ltd. Executive Chairman of UXC Limited (since 2002), Chairman of LCM Litigation Fund (formerly Australian Litigation Fund), Terrain Capital and Melbourne Victory Limited (since 2004), Non-executive Director of The Mac Services Group Limited (director since 2007), Ausmelt Limited (director since 2001), Maxitrans Industries Limited (director since 2000), KLM Group Limited (director since 2006) and Northern Energy Corporation Limited (director since 2007).

Former Directorships in Last 3 Years Chairman of Terrain Australia (2003 to 2007). Non-executive Director of Auto Group Limited (1999 to 2007) and Triako Resources Limited (2000 to 2007).

Responsibilities Non executive director since 1998. Appointed Deputy Chairman on 2 January 2008. Member of Nomination and Remuneration Committees.

Particulars of equity interests in company 3,171,295 fully paid ordinary shares (indirect). 200,000 options.

Dr Geoffrey N Vaughan AO

Age 75

Qualifications MSc, PhD, FRACI, FTSE

Experience Formerly National Manager of the Therapeutic Goods Administration. Former Chairman of the Co-operative Research Centres Committee, Member of Industry Research and Development Board of the Department of Industry, Tourism & Resources and Councillor of Questacon, the National Science and Technology Centre.

Other Current Directorships Non-executive director of Cytopia Limited since 1998.

Former Directorships in Last 3 Years None

Responsibilities Non executive director since 1997. Member of Nomination and Audit Committees.

Particulars of equity interests in company: 304,400 fully paid ordinary shares. 200,000 options.

Dr Robyn Elliott

Age 47

Qualifications BSc (Hons), PhD

Experience Managing Director since 2 January 2008. Formerly General Manager of IDT Australia Limited since 1995.

Other Current Directorships None

Former Directorships in Last 3 Years None

Responsibilities Executive director since 2 January 2008

Particulars of equity interests in company 6,851 fully paid ordinary shares. 120,000 options.

Company Secretary

The Company Secretary is Mr Adrian McKenzie. Mr McKenzie was appointed to the position of Company Secretary in 2005. Mr McKenzie has held the position of Finance Manager at IDT Australia Limited since 1999.

Remuneration Report

The remuneration committee, consisting of 3 non-executive directors, advises the Board on remuneration policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive directors, non-executive directors and senior executives.

Key Management Personnel Remuneration

Remuneration packages are set at levels that are intended to attract and retain first class executives capable of managing the company's operations and achieving the company's strategic objectives.

Directors' Remuneration

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees are reviewed annually by the Board. The Board also considers the advice of independent remuneration consultants and comparable companies to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman and Managing Director's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman and Managing Director is not present at any discussions relating to the determination of their own remuneration.

Directors' Fees

Effective 1 January 2007 the non-executive directors' annual base fee increased to \$30,000 from \$20,000. The new appointed role of Deputy Chairman will be paid \$40,000 to reflect the additional responsibilities associated with the role. The Chairman's remuneration was last reviewed with effect from 1 January 2008. Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders.

The maximum aggregate directors' fee pool currently is \$400,000 for non-executive directors. Details of the nature and amount of each element of the emoluments of each director of IDT Australia Limited and each of the key executives of the company receiving the highest emoluments are set out in the following tables.

Key Management Personnel Remuneration

Key Management Personnel remuneration and other terms of employment are reviewed annually by the committee having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice. As well as a base salary, remuneration packages include superannuation, discretionary bonuses and fringe benefits. Key Management Personnel are also eligible to participate in the Executive Share Option plan. There are no service agreements or special terms of employment for Key Management Personnel of IDT Australia Limited.

For the year ended 30 June 2008

Report of the Directors - 30 June 2008 (continued)

Key Management Personnel of IDT Australia Limited (Audited) 2008

Name	Short-term employee benefits			Post-employment benefits		Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Retirement benefits	Long Service Leave	Options/Shares	
Non-executive Directors								
A D Blackman	\$30,000	-	-	\$2,700	-	-	-	\$32,700
R Burnet	\$30,000	-	-	\$2,700	-	-	-	\$32,700
G F Lord	\$35,000	-	-	-	-	-	-	\$35,000
G N Vaughan	\$30,000	-	-	\$2,700	-	-	-	\$32,700
Sub-total non-executive directors	\$125,000	-	-	\$8,100	-	-	-	\$133,100
Executive Directors								
G L Blackman (2) Chairman	\$325,820	\$20,000	\$68,048	\$22,953	-	\$9,397	-	\$446,218
R Elliott (1) Managing Director	\$362,782	-	\$30,684	\$32,578	-	\$9,357	\$1,000	\$436,401
Other key management personnel								
R Woods R&D Manager	\$149,992	-	\$8,207	\$64,648	-	\$4,973	\$1,000	\$228,820
A McKenzie Manager, Finance & Administration	\$193,470	\$15,000	\$11,934	\$24,903	-	\$4,990	\$1,000	\$251,297
J Kelly Clinical Operations Manager	\$170,805	\$10,000	\$13,396	\$14,400	-	\$4,000	\$1,000	\$213,601
P Elliott Quality Manager	\$159,304	-	-	\$13,076	-	\$4,175	\$1,000	\$177,555
Total key management personnel compensation	\$1,487,173	\$45,000	\$132,269	\$180,658	-	\$36,892	\$5,000	\$1,886,992

(1) Dr Elliott was appointed an executive director on 2 January 2008.

(2) Dr Blackman resigned as Managing Director on 31 December 2007 but continues a part-time executive role.

For the year ended 30 June 2008

Report of the Directors - 30 June 2008 (continued)

Key Management Personnel of IDT Australia Limited (Audited) 2007

Name	Short-term employee benefits			Post-employment benefits		Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Retirement benefits	Long Service Leave	Options/Shares	
Non-executive Directors								
A D Blackman	\$25,000	-	-	\$2,250	-	-	-	\$27,250
R Burnet	\$25,000	-	-	\$2,250	-	-	-	\$27,250
R R Green (1)	\$6,667	-	-	\$600	\$20,000	-	-	\$27,267
G F Lord	\$25,000	-	-	-	-	-	-	\$25,000
G N Vaughan	\$25,000	-	-	\$2,250	-	-	-	\$27,250
Sub-total non-executive directors	\$106,667	-	-	\$7,350	\$20,000	-	-	\$134,017
Executive Directors								
G L Blackman Chairman & Managing Director	\$318,005	\$30,000	\$124,672	\$110,338	-	\$10,716	-	\$593,731
Other key management personnel								
R Elliott General Manager	\$327,471	\$20,000	\$10,385	\$43,649	-	\$9,014	\$1,000	\$411,519
R Woods R&D Manager	\$150,233	-	\$8,847	\$63,062	-	\$4,748	\$1,000	\$227,890
A McKenzie Manager, Finance & Administration	\$182,354	\$10,000	\$8,581	\$17,036	-	\$4,654	\$1,000	\$223,625
J Kelly Clinical Operations Manager	\$150,768	\$10,000	\$15,578	\$14,400	-	\$3,701	\$1,000	\$195,447
P Elliott Quality Manager	\$148,712	-	-	\$13,314	-	\$3,775	\$1,000	\$166,801
Total key management personnel compensation	\$1,384,210	\$70,000	\$168,063	\$269,149	\$20,000	\$36,608	\$5,000	\$1,953,030

(1) Mr R R Green retired as a director 27 October 2006.

For the year ended 30 June 2008

Report of the Directors - 30 June 2008 (continued)

Share-based Compensation (Audited)

Options are granted under the IDT Australia Limited Technology Executive Option Plan terms and conditions.

Options are granted under the plan for no consideration. Options are granted for a four year period, and vest immediately upon granting.

The terms and conditions of each grant of options affecting remuneration for the 2008 financial year are as follows:

Grant Date	Expiry Date	Exercise Price	Value per Option at Grant Date	Share Price at Grant Date
28 September 2004	28 September 2008	\$2.77	\$0.60	\$2.45
2 November 2004	2 November 2008	\$2.85	\$0.60	\$2.47

There were no options issued in the 2008 and 2007 financial year.

Options granted under the plan carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share.

The exercise price of options is based on the weighted average price at which the company's shares are traded on the Australian Stock Exchange during the five trading days immediately before the options are granted or at a premium to this price as the Directors may determine.

The amounts disclosed for emoluments relating to options above are the assessed fair values at grant date of options granted to executive directors and other executives, allocated equally over the period from grant date to vesting date. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, 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 option.

The model inputs for options granted during the year ended 30 June 2008 included:

Grant Date	Expiry Date	Exercise Price	Expected Price Volatility	Expected Dividend Yield	Risk Free Rate
28 September 2004	28 September 2008	\$2.77	39.70%	3.28%	5.64%
2 November 2004	2 November 2008	\$2.85	38.32%	3.03%	5.23%

The number of unlisted options in the company held during the financial year by each director of IDT Australia Limited and each of the Key Management Personnel are set out on the opposite page.

For the year ended 30 June 2008

Report of the Directors - 30 June 2008 (continued)

2008 Directors

Name	Balance at Start of Year	Granted During the Year	Lapsed During the Year	Balance at the End of the Year
A D Blackman	200,000	-	-	200,000
R Burnet	200,000	-	-	200,000
G F Lord	200,000	-	-	200,000
G N Vaughan	200,000	-	-	200,000

Executive Director

Name	Balance at Start of Year	Granted During the Year	Lapsed During the Year	Balance at the End of the Year
G L Blackman	200,000	-	-	200,000
R Elliott*	120,000	-	-	120,000

* Appointed 2 January 2008

Other Key Management Personnel

Name	Balance at Start of Year	Granted During the Year	Lapsed During the Year	Balance at the End of the Year
R Woods	60,000	-	-	60,000
A McKenzie	100,000	-	-	100,000
J Kelly	20,000	-	-	20,000
P Elliott	20,000	-	-	20,000

For the year ended 30 June 2008

Report of the Directors - 30 June 2008 (continued)

2007 Directors

Name	Balance at Start of Year	Granted During the Year	Lapsed During the Year	Balance at the End of the Year
A D Blackman	200,000	-	-	200,000
R Burnet	200,000	-	-	200,000
G F Lord	200,000	-	-	200,000
G N Vaughan	200,000	-	-	200,000
R R Green*	200,000	-	200,000	-

* Retired 27 October 2006

Executive Director

Name	Balance at Start of Year	Granted During the Year	Lapsed During the Year	Balance at the End of the Year
G L Blackman	200,000	-	-	200,000

Other Key Management Personnel

Name	Balance at Start of Year	Granted During the Year	Lapsed During the Year	Balance at the End of the Year
R Elliott	200,000	-	80,000	120,000
R Woods	130,000	-	70,000	60,000
A McKenzie	180,000	-	80,000	100,000
J Kelly	20,000	-	-	20,000
P Elliott	90,000	-	70,000	20,000

For the year ended 30 June 2008

Report of the Directors - 30 June 2008 (continued)

Non-Audit Services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company are important.

Details of the amounts paid to the auditor (RSM Bird Cameron Partners) for audit and non-audit services provided during the year are set out below.

The Board of directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 23.

Auditors Remuneration

Total amounts receivable by RSM Bird Cameron Partners for:

	2008	2007
(a) Audit and review of the company's financial statements	\$64,245	\$59,575
(b) Other Services	-	-
	\$64,245	\$59,575

For the year ended 30 June 2008

Report of the Directors - 30 June 2008 (continued)

Proceedings on Behalf of the Company

No persons has applied to the court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purposes of taking responsibility on behalf of the company for all or part of those proceedings.

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 Class Order 98/0100, issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors report. Amounts in the directors report have been rounded off in accordance with the Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Signed at Melbourne this 15th day of September 2008, in accordance with a resolution of the directors.



Graeme L Blackman
Director



Robert Burnet
Director

RSM Bird Cameron Partners

Chartered Accountants

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525 Collins Street Melbourne VIC 3000
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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial statements of IDT Australia Limited for the financial year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- i. the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.



RSM BIRD CAMERON PARTNERS

Chartered Accountants



P A RANSOM

Partner

15 September 2008
Melbourne

Liability limited by a
scheme approved under
Professional Standards
Legislation

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 036

RSM Bird Cameron Partners is an
independent member firm of RSM
International, an affiliation of independent
accounting and consulting firms.



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Corporate governance statement

The directors are responsible to the shareholders for the performance of the company in both the short and the longer term and seek to balance these sometime competing objectives in the best interests of the company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the company is properly managed. The Board draws on relevant corporate governance best practice principles to assist it to contribute to the performance of the company.

The functions of the Board include:

- review and approval of corporate strategies, the annual budget and financial plans
- overseeing and monitoring organisational performance and the achievement of the company's strategic goals and objectives
- monitoring financial performance including approval of the annual and half-yearly financial reports and liaison with the company's auditors
- appointment of, and assessment of the performance of, the Managing Director and the members of the senior management team
- ensuring there are effective management processes in place and approving major corporate initiatives
- enhancing and protecting the reputation of the organisation
- ensuring the significant risks facing the company have been identified and appropriate and adequate control, monitoring and reporting mechanisms are in place, and
- reporting to shareholders.

A description of the company's main corporate governance practices is set out as follows.

The Board of Directors

The Board operates in accordance with the following broad principles that:

- the Board should be comprised of both executive and non-executive directors with a majority of non-executive directors
At the date of signing the Report of Directors, the Board consisted of four non-executive directors and two executive directors. Details about the directors are set out in the directors' report under the heading "Information on Directors".
- there is sufficient benefit to the company in maintaining a mix of directors on the Board from different backgrounds with complementary skills and experience
- the Board should undertake an annual Board performance review and consider the appropriate mix of skills required by the Board to maximise its effectiveness and its contribution to the company

The Board has established three committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the Board are the nomination, remuneration and audit committees. All matters determined by committees are submitted to the full Board as recommendations for Board decision.

Board Members

Details of the members of the Board, their experience, expertise and qualifications are set out in the directors' report under the heading "Information on Directors". There are four non-executive directors, three of whom are deemed independent under the principles set out below, and two executive directors at the date of signing the directors' report.

Potential new directors are considered and nominated by the nomination committee based on the skills and experience they could bring to Board deliberations on current and emerging issues. Details of the nomination committee are set out as follows.

Corporate governance statement (continued)

Directors' Independence

The Board has adopted specific principles in relation to directors' independence. These state that to be deemed independent, a director must be a non-executive and:

- not a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company
- within the last three years not been employed in an executive capacity by the company, or been a director after ceasing to hold any such employment
- within the last three years not been a principal of a material professional adviser or a material consultant to the company, or an employee materially associated with the service provided
- not a material supplier or customer of the company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer
- must have no material contractual relationship with the company other than as a director of the company.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the company or 5% of the individual directors' net worth is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of the director's performance. In line with the directors' independence policy, Mr Geoffrey Lord's substantial indirect shareholdings means that the Board deem him to be not an independent director.

Recent thinking on corporate governance has introduced the view that a director's independence may be perceived to be impacted by length of service on the Board.

The Board is aware that there are suggestions and various views that directors would be deemed to be not independent if they have served on the Board for a lengthy period of time. The Board considers that it is fortunate to have a number of long serving directors who have contributed significantly to the company over the years. As our shareholders have regularly re-elected these directors, the Board does not currently consider length of service to be an impairment to independence. The nomination committee will continue to consider this matter of independence of directors and recommend to the Board any future changes that they should consider in relation to composition and appointments of suitable candidates.

Term of Office

The company's Constitution specifies that one-third of directors (with the exception of the Executive Directors) must retire from office at the annual general meeting.

Chairman and Managing Director

The Chairman is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the company's senior executives. The company has recently appointed Dr Robyn Elliott to the role of Managing Director. The Managing Director is responsible for implementing all company strategies and policies.

Commitment

The Board meets approximately monthly throughout the year, with the majority of those meetings being held on site at the company. A full tour of the facilities is incorporated annually for all directors.

Independent Professional Advice

Directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the company's expense. Prior written approval of the Chairman is required, but this will not be unreasonably withheld.

Corporate governance statement (continued)

Conflict of Interests

Entities connected with Dr G N Vaughan had business dealings with the company during the year, as described in note 27 to the financial statements. In accordance with the Board charter the director concerned declared his interest in those dealings to the company and took no part in decisions relating to them or the preceding discussions. In addition, those directors did not receive any papers from the company pertaining to those dealings.

Remuneration Committee

The remuneration committee consists of the following non-executive directors:

- Mr R Burnet
- Mr A D Blackman
- Mr G F Lord

The remuneration committee advises the Board on remuneration policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive directors and non-executive directors.

Executive remuneration and other terms of employment are reviewed annually by the committee having regard to performance, relevant comparative information and independent expert advice. As well as a base salary, remuneration packages include superannuation, retirement and termination entitlements, performance-related bonuses and fringe benefits. Executives are also eligible to participate in the Executive Option Plan.

Remuneration packages are set at levels that are intended to attract and retain first class executives capable of managing the company's operations and achieving the company's strategic objectives.

The remuneration committee's terms of reference include responsibility for reviewing any transactions between the organisation and the directors, or any interest associated with the directors, to ensure the structure and the terms of the transaction are in compliance with the Corporations Law and are appropriately disclosed.

Further information on directors' and executives' remuneration is set out in the directors' report and note 24 to the financial statements.

Nomination Committee

The nomination committee consists of the following non-executive directors:

- Dr G N Vaughan
- Mr G F Lord
- Mr A D Blackman
- Dr G L Blackman

Details of these directors' qualifications, experience and attendance at nomination committee meetings are set out in the directors' report.

The main responsibilities of the committee are to:

- conduct an annual review of the membership of the Board having regard to present and future needs of the company and to make recommendations on Board composition and appointments
- conduct an annual review of the independence of directors
- propose candidates for Board vacancies
- oversee the annual performance assessment program
- oversee Board succession

When the need for a new director is identified or an existing director is required to stand for re-election, the committee reviews the range of skills, experience and expertise on the Board, identifies its needs and prepares a short-list of candidates with appropriate skills and experience. Where necessary, advice is sought from independent search consultants.

The full Board then appoints the most suitable candidate who must stand for election at the next annual general meeting of the company. Reappointment of existing directors is not automatic and is contingent on their past performance and contribution to the company.

Corporate governance statement (continued)

Audit Committee

The audit committee consists of the following non-executive directors:

- Dr G N Vaughan
- Mr R Burnet
- Mr A D Blackman

The main responsibilities of the audit committee are to:

- review and report to the Board on the annual report, the half-yearly financial report and all other financial information published by the company or released to the market;
- assist the Board in reviewing the effectiveness of the organisation's internal control environment covering:
 - effectiveness and efficiency of operations
 - reliability of financial reporting
 - compliance with applicable laws and regulations;
- oversee the effective operation of the risk management framework;
- recommend to the Board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, and the scope and quality of the audit.

In fulfilling its responsibilities, the audit committee receives regular reports from management and the external auditors. It also meets with the external auditors at least twice a year - more frequently if necessary. The external auditors have a clear line of direct communication at any time to either the Chairman of the audit committee or the Chairman of the Board.

The audit committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

Corporate Reporting

The Managing Director and Finance Manager have made the following certifications to the Board:

- that the company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the company and are in accordance with relevant accounting standards.
- that the above statement is founded on a sound system of risk management and internal compliance and control and which implements the policies adopted by the Board and that the company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

External Audits

The company and audit committee policy is to appoint external auditors who demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. RSM Bird Cameron Partners was appointed as the auditor in 2006. It is RSM Bird Cameron Partners policy to rotate audit engagement partners on listed companies at least every five years.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the directors' report and in note 22 to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the audit committee.

The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Corporate governance statement (continued)

Risk Assessment and Management

The company's focus on risk management recognises that risk management is, prima facie, an issue for line management. The current risk management framework supports this focus but provides a structured context for those personnel to undertake a yearly review of the past performance of, and to profile the current and future risks facing, their area of responsibility. Management are required to ensure that appropriate controls are in place to effectively manage those risks. This is monitored by the Board through the audit committee, which is responsible for ensuring there are adequate procedures in relation to risk management, compliance and internal control systems. In summary, the company's management are required to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives. In addition, the Board requires that each major proposal submitted to the Board for decision be accompanied by a comprehensive risk assessment and, where required, management's proposed mitigation strategies.

The Environment, Occupational Health and Safety

The company recognises the importance of environmental and occupational health and safety (OH&S) issues and is committed to the highest levels of performance.

To help meet this objective the company has regular monitoring to facilitate the systematic identification of environmental issues and a formal committee meets monthly to review and discuss relevant health and safety issues. This system has been operating for a number of years and allows the company to:

- monitor its compliance with all relevant legislation
- continually assess and improve the impact of its operations on the environment
- encourage employees to actively participate in the management of environmental and OH&S issues
- work with trade associations representing the company's businesses to raise standards, and
- use energy and other resources efficiently.

Information on compliance with significant environmental regulations is set out in the directors' report.

Trading in Company Securities

The directors and staff are normally only able to buy or sell shares in the four weeks following the announcement of the Company's interim financial report or following the announcement of the Company's final financial report or following the Company's Annual General Meeting. A director or staff member wishing to buy or sell shares outside the above four week periods, will advise the Chairman of his/her intention and obtain the Chairman's approval or, in the case of the Chairman, the approval of the Chair of the Company's Audit Committee.

Continuous Disclosure

The Chairman has been appointed as the person responsible for communications with the ASX. This person is also responsible for ensuring compliance with the continuous disclosure requirements in the ASX listing rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the company's web site as soon as it is disclosed to the ASX. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed, and if so, this information is also immediately released to the market.

Shareholder Communication

The company has a formal shareholder communication policy which recognises the value of providing current and relevant information to its shareholders through effective communication.

All information disclosed to the ASX announcements platform is available to shareholders on the company website including prior years announcements. The latest company broker presentation used in analyst's briefings is posted on the company's web site. The current and historical share price details are also available on the web site.

All shareholders have the opportunity to receive the company annual report in a hard copy. The company does provide the opportunity to participate through electronic means for receiving the company annual report. The current year and prior years company annual reports are available on the web site.

For the year ended 30 June 2008

Income Statement

	Note	2008 \$ 000	2007 \$ 000
Revenue from continuing operations	2	31,461	26,673
Raw materials and consumables used		291	452
Employee benefits expense		12,097	10,481
Depreciation and amortisation expense		2,216	2,169
Development costs written-off		820	153
Borrowing costs expense		36	80
Utilities		755	611
Repairs and maintenance		585	522
Subject and Screenings		1,471	1,227
Insurance		367	358
Waste Removal		193	132
Consumables		198	247
Travel		130	175
Share Registry		47	41
Accounting		79	61
Rent		438	436
Overseas Travel		161	131
Other expenses		1,434	1,613
Profit before income tax	3	10,143	7,784
Income tax expense	4	3,033	2,317
Profit attributable to members of IDT Australia Limited		7,110	5,467
Basic earnings per share	29	16.5¢	12.7¢
Diluted earnings per share	29	16.5¢	12.7¢

The above Income Statement should be read in conjunction with the accompanying notes.

As at 30 June 2008
Balance Sheet

	Note	2008 \$ 000	2007 \$ 000
Assets			
Current Assets			
Cash and cash equivalents	5	2,028	1,856
Trade and other receivables	6	13,169	9,945
Inventories	7	848	895
Total Current Assets		16,045	12,696
Non Current Assets			
Property, plant and equipment	8	25,268	22,324
Intangible assets	9	1,028	1,896
Total Non Current Assets		26,296	24,220
Total Assets		42,341	36,916
Liabilities			
Current Liabilities			
Trade and other payables	10	4,776	2,038
Borrowings	11	334	576
Current tax liabilities	12	2,530	1,268
Total Current Liabilities		7,640	3,882
Non Current Liabilities			
Borrowings	13	25	371
Deferred tax liabilities	14	871	1,382
Provisions	15	944	891
Total Non Current Liabilities		1,840	2,644
Total Liabilities		9,480	6,526
Net Assets		32,861	30,390
Equity			
Contributed equity	16	15,382	15,383
Reserves	17	1,410	1,320
Retained profits	18	16,069	13,687
Total Equity		32,861	30,390

The above Balance Sheet should be read in conjunction with the accompanying notes.

For the year ended 30 June 2008
Statement of Changes in Equity

	Note	2008 \$ 000	2007 \$ 000
Total Equity at the Beginning of the Year		30,390	28,692
Capital raising costs	16	(1)	(1)
Share based payment	17	90	97
Net Expense Recognised Directly in Equity		89	96
Profit for the year		7,110	5,467
Total Recognised Income and Expense for the Year		7,199	5,563
Dividend	20	(4,728)	(3,865)
Total Equity at the End of the Half Year		32,861	30,390

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

For the year ended 30 June 2008
Cash Flow Statement

	Note	2008 \$ 000	2007 \$ 000
Cash Flows From Operating Activities			
Receipts from customers (inclusive of goods and services tax)		33,194	31,704
Payments to suppliers and employees (inclusive of goods and services tax)		(20,548)	(21,473)
		12,646	10,231
Interest and other costs of finance paid		(36)	(80)
Income taxes paid		(2,281)	(1,282)
Net Cash Inflow From Operating Activities	28	10,329	8,869
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(5,094)	(2,511)
Proceeds from sale of property, plant and equipment		143	262
Payments for development costs		(117)	(769)
Interest received		226	113
Net Cash Outflow From Investing Activities		(4,842)	(2,905)
Cash Flows From Financing Activities			
Repayment of borrowings		(558)	(558)
Dividends paid		(4,728)	(3,865)
Repayment of lease liabilities		(29)	(52)
Net Cash Outflow From Financing Activities		(5,315)	(4,475)
Net Increase (Decrease) In Cash And Cash Equivalents Held		172	1,489
Cash and cash equivalents at the beginning of the financial year		1,856	367
Cash And Cash Equivalents At The End Of The Financial Year	5	2,028	1,856
Financing arrangements	13		

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

For the year ended 30 June 2008

Notes to and forming part of the Financial Statements

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of Preparation of Financial Report

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretation, and complies with other requirements of the law.

Compliance with IFRS.

Australian Accounting Standards includes Australian equivalents to International Financial Reporting Standards (AIFRS).

Compliance with AIFRS ensures that the financial statements and notes of IDT Australia Limited comply with International Financial Reporting Standards (IFRS).

Historical cost convention

These financial statements have been prepared under the historical cost convention.

(b) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction 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 to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction.

The relevant tax rates are 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 these 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 are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

(c) Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risk and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risk and returns that are different from those of segments operating in other economic environments.

(d) Foreign Currency Translation

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency (Australian Dollars) using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investments hedges.

For the year ended 30 June 2008

Notes to and forming part of the Financial Statements (continued)

(e) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the income statement on a straight line basis over the expected lives of the related assets.

(f) Revenue Recognition

Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. A sale is recorded when manufactured goods have been despatched to a customer pursuant to a sales order. Service revenue is recognised in accordance with percentage of completion method. The stage of completion is determined by reference to key milestones achieved to date as a percentage of total contractual value.

(g) Trade Receivables

These amounts represent assets for the provision of goods and services provided to a customer pursuant to a valid order or contract. All trade debtors are recognised at the amounts receivable, as they are due for settlement within 30 days of invoice date. Collectability of trade debtors is reviewed on an ongoing basis and a provision is raised where some doubt as to collection exists. Debts which are known to be uncollectable are written off.

(h) Inventories

All inventories are valued at the lower of cost and net realisable value. Cost includes direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

(i) Leasehold Improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. Leasehold improvements held at the reporting date are being amortised over 10 years.

(j) Leases

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases (note 8). Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 19). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

For the year ended 30 June 2008

Notes to and forming part of the Financial Statements (continued)

(k) Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Buildings *40 years*
- Machinery *10-15 years*
- Vehicles *3-5 years*
- Furniture, fittings and equipment
5-10 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1 (u)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(l) Intangible Assets - Research and Development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable

costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, which varies from 5 to 10 years.

(m) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Borrowings

Loans and bills payable are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

(o) Maintenance and Repairs

Plant is required to be overhauled on a regular basis. This is managed as part of an on-going major cyclical maintenance program. The costs of maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated. Other routine operating maintenance repair costs and minor renewals are also charged as expenses as incurred.

(p) Employee Benefits

(i) Wages and Salaries and Annual Leave
Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

For the year ended 30 June 2008

Notes to and forming part of the Financial Statements (continued)

(ii) Long Service Leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments

Share-based compensation benefits are provided to employees via the IDT Australia Limited Executive Option Plan and an employee share scheme. Information relating to these schemes is set out in note 23.

Shares and options granted before 7 November 2002 and/or vested before 1 January 2005

No expense is recognised in respect of these options. The shares are recognised when the options are exercised and the proceeds received allocated to share capital.

Shares and options granted after 7 November 2002 and vested after 1 January 2005

The fair value of options granted under the IDT Australia Limited Executive Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option,

the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, 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 option.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

The market value of shares issued to employees for no cash consideration under the employee share scheme is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

(q) Cash and Cash Equivalents

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

(r) Earnings per Share

(i) Basic Earnings per Share

Basic earnings per share is determined by dividing the operating profit after income tax attributable to members 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, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking 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.

For the year ended 30 June 2008

Notes to and forming part of the Financial Statements (continued)

(s) Dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at balance date.

(t) Non-Current Assets Constructed by the Company

The cost of non-current assets constructed 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.

(u) Impairment of Assets

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable but at least annually. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

(v) Rounding of Amounts

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(w) New Standards and Interpretations Issued but not yet Effective

At the date of this financial report, revised AASB123, AASB2007-3, AASB2007-6, AASB2007-8, AASB2008-1, AASB2008-2, AASB8, revised AASB101, AASB127, AASB2008-3, Interpretation 4, Interpretation 12, Interpretation 14 and Interpretation 129 which may impact the entity in the period of initial application, have been issued but are not yet effective. These new standards and interpretations have not been applied in the preparation of this financial report. Other than changes to disclosure formats, it is not expected that the initial application of these new standards and interpretations in the future will have any material impact.

For the year ended 30 June 2008
Notes to and forming part of the
Financial Statements (continued)

2. Revenue	2008	2007
	\$ 000	\$ 000
Revenue	30,871	26,298
Other Revenue		
- Interest	226	113
- Sale of property, plant and equipment	143	262
- Royalties	221	-
	590	375
Total Revenue	31,461	26,673
3. Expenses		
Profit from ordinary activities before income tax expense includes the following expenses:		
Expenses		
Cost of Goods Sold	3,702	3,311
Interest paid on other borrowings	32	70
Finance charges relating to finance leases	4	10
Depreciation of property, plant and equipment	2,039	1,946
Amortisation		
- Finance leases capitalised	12	22
- Development Costs	165	201
Bad and doubtful debts	-	-
Repairs and maintenance	585	522
Development costs written off	820	153
4. Income Tax		
(a) Income Tax expense		
Current tax	3,583	2,298
Deferred tax	(511)	20
Under (over) provided in prior years	(39)	(1)
	3,033	2,317
Deferred Income tax (revenue) expense included in income tax expense comprises		
Decrease (increase) in deferred tax assets (note 14)	(48)	(21)
(Decrease) Increase in deferred tax liabilities (note 14)	(463)	41
	(511)	20

For the year ended 30 June 2008
Notes to and forming part of the
Financial Statements (continued)

4. Income Tax (continued)	2008 \$ 000	2007 \$ 000
(b) Numerical reconciliation of income tax expense to prima facie tax payable.		
Profit from ordinary activities before income tax expense	10,143	7,784
Prima facie tax expense at 30%	3,043	2,335
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
- Non deductible entertainment expenses	1	1
- Development costs deduction	(9)	(57)
- Motor vehicle depreciation	10	10
- Share based payment	27	29
	3,072	2,318
Under/Over provision in previous year	(39)	(1)
Income tax expense attributable to operating profit	3,033	2,317
5. Current Assets – Cash and Cash Equivalents	2008 \$ 000	2007 \$ 000
(a) Cash at bank and on hand	2,028	1,856
These funds are bearing a floating interest rate of 5.5% to 5.75% (2007 4.5% to 5%)		
6. Current Assets – Trade and Other Receivables	2008 \$ 000	2007 \$ 000
Trade receivables	11,926	6,753
Less: Provision for doubtful debts	-	-
	11,926	6,753
Other receivables	926	2,855
Prepayments	317	337
	13,169	9,945
Interest Rate Risk		
The company has no material exposure to interest rate risk.		
7. Current Assets – Inventories	2008 \$ 000	2007 \$ 000
Raw materials - at cost	612	685
- at net realisable value	181	181
	793	866
Work in progress - at cost	55	29
	848	895
The valuation policy adopted in respect of inventories is set out in Note 1(h).		

For the year ended 30 June 2008
Notes to and forming part of the
Financial Statements (continued)

8. Non Current Assets – Property, Plant and Equipment	2008 \$ 000	2007 \$ 000
Land and Buildings		
Freehold land at cost	2,608	1,787
Buildings at cost	6,269	5,722
- Less: Accumulated depreciation	1,036	892
Total Land and Buildings	7,841	6,617
Plant and Equipment		
Plant and equipment – at cost	33,976	30,629
Plant and equipment in course of construction	-	-
- Less: Accumulated depreciation	16,585	14,987
	17,391	15,642
Plant and Equipment under Finance Lease	66	99
- Less: Accumulated amortisation	30	34
	36	65
Total Plant & Equipment	17,427	15,707
	25,268	22,324

Reconciliations

Reconciliations 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.

2008	Freehold Land	Buildings	Plant & Equipment	Plant & Equipment - WIP	Plant & Equipment Under Lease	Total
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Carrying amount at start of year	1,787	4,830	15,642	-	65	22,324
Additions	821	547	3,725	-	-	5,093
Disposals	-	-	(81)	-	(17)	(98)
Depreciation/Amortisation expense	-	(144)	(1,895)	-	(12)	(2,051)
Carrying amount at end of year	2,608	5,233	17,391	-	36	25,268
2007	Freehold Land	Buildings	Plant & Equipment	Plant & Equipment - WIP	Plant & Equipment Under Lease	Total
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000
Carrying amount at start of year	1,787	4,973	13,521	1,723	117	22,121
Additions	-	-	4,234	-	-	4,234
Disposals	-	-	(310)	(1,723)	(30)	(2,063)
Depreciation/Amortisation expense	-	(143)	(1,803)	-	(22)	(1,968)
Carrying amount at end of year	1,787	4,830	15,642	-	65	22,324

For the year ended 30 June 2008
Notes to and forming part of the
Financial Statements (continued)

9. Non Current Assets – Intangible Assets	2008 \$ 000	2007 \$ 000
Development expenditure capitalised (Note 1(l))	3,131	3,014
- Less: Accumulated amortisation	2,103	1,118
	1,028	1,896
<i>Reconciliation of Intangible Assets:</i>		
Carrying amount at start of year	1,896	1,481
Development expenditure capitalised during the year	117	769
Amortisation of research and development costs during the year	(165)	(201)
Development costs – written off during the year	(820)	(153)
Carrying amount at end of year	1,028	1,896
10. Current Liabilities – Trade And Other Payables	2008 \$ 000	2007 \$ 000
Trade payables	1,188	624
Other payables	3,588	1,414
	4,776	2,038
11. Current Liabilities – Borrowings	2008 \$ 000	2007 \$ 000
Lease liabilities (Note 19)	12	18
Bills payable	322	558
Total current borrowings	334	576
All current interest bearing liabilities are secured. Details of the security relating to each of these liabilities is set out in Note 13.		
Bills Payable		
Bills have been drawn as a source of financing. They bear fixed interest at 7.21% per annum payable quarterly.		
There is a reducing bill that will mature in November 2008.		
12. Current Liabilities – Current Tax Liabilities	2008 \$ 000	2007 \$ 000
Income Tax	2,530	1,268
13. Non Current Liabilities – Borrowings	2008 \$ 000	2007 \$ 000
Lease liabilities (Note 19)	25	49
Bills payable	-	322
Total Non Current Borrowings	25	371
All non current interest bearing liabilities are secured.		
Secured Liabilities		
Total Secured Liabilities (current and non-current)		
Lease Liabilities	37	67
Bills Payable	322	880
	359	947

For the year ended 30 June 2008

Notes to and forming part of the Financial Statements (continued)

13. Non Current Liabilities – Borrowings (continued)	2008	2007
	\$ 000	\$ 000
Security for Borrowings		
The bank overdraft, bills payable and lease liabilities are secured by the following:		
<ul style="list-style-type: none"> - A Registered Mortgage over property situated at 45 Wadhurst Drive, Boronia - A Registered Mortgage over property situated at 47-49 Wadhurst Drive, Boronia - A Registered Mortgage over property situated at 51-57 Wadhurst Drive, Boronia 		
Lease Liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.		
Financing Arrangements		
Unrestricted access was available at balance date to the following lines of credit:		
Total facilities		
- Multi-Option Facility	1,000	1,000
- Bills payable	322	880
Used at balance date		
- Multi-Option Facility	-	-
- Bills payable	322	880
Unused at balance date		
- Multi-Option Facility	1,000	1,000
- Bills payable	-	-
The current interest rate is 7.11% on bills payable.		
Assets Pledged as Security		
The carrying amounts of specific assets pledged as security are:		
Freehold land and buildings	5,795	5,917
Plant and equipment under finance lease	36	65
Total Assets pledged as security	5,831	5,982

For the year ended 30 June 2008
Notes to and forming part of the
Financial Statements (continued)

14. Non Current Liabilities – Deferred Tax Liabilities	2008	2007
	\$ 000	\$ 000
Provision for deferred income tax	1,408	1,871
The balance comprises temporary differences attributable to:		
Depreciation	1,100	1,302
Development costs	308	569
	1,408	1,871
Movements		
Opening balance at 1 July	1,871	1,830
Charged / (Credited) to the income statement	(463)	41
Closing balance at 30 June	1,408	1,871
Provision for deferred tax assets		
The balance comprises temporary differences attributable to:		
Employee entitlements	871	1,382
Movements		
Opening balance at 1 July	1,382	1362
Charged / (Credited) to the income statement	(511)	20
Closing balance at 30 June	871	1,382

15. Non Current Liabilities – Provisions	2008	2007
	\$ 000	\$ 000
Employee entitlements	944	891

16. Contributed Equity	2008	2007	2008	2007
	Shares	Shares	\$ 000	\$ 000
(a) Paid up capital - Ordinary shares, fully paid	42,981,801	42,941,610	15,382	15,383

(b) Movements in ordinary share capital of the company during the past two years were as follows:

Date	Details	Notes	No. of Shares	\$ 000
30 June 2006			42,869,499	15,384
Aug 2006	IDT Employee Share Plan Issue	(c)	72,111	(1)
30 June 2007			42,941,610	15,383
Aug 2007	IDT Employee Share Plan Issue	(c)	40,191	(1)
30 June 2008			42,981,801	15,382

(c) IDT Employee Share Plan

On 16 August 2007, the Company issued 40,191 (2007: 72,111) ordinary shares under the rules of the IDT Australia Limited Employee Share Plan.

d) Ordinary Shares

Ordinary Shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

For the year ended 30 June 2008
Notes to and forming part of the
Financial Statements (continued)

17. Reserves	2008	2007
	\$ 000	\$ 000
Share-based payments reserve	1,410	1,320
Movements in share-based payment reserve		
- Balance 1 July	1,320	1,223
- Option expense	-	-
- Employee share issue expense	90	97
	1,410	1,320
Nature and purpose of reserve		
The share-based payments reserve is used to recognise the fair value of options issued but not exercised and the fair value of shares issued under the IDT Australia Limited Employee Share Plan.		
18. Retained Profits		
Retained profits at the beginning of the financial year	13,687	12,085
Net profit attributable to members of IDT Australia Limited	7,110	5,467
Dividends provided for or paid	(4,728)	(3,865)
Retained profits at the end of the financial year	16,069	13,687
19. Commitments For Expenditure	2008	2007
	\$ 000	\$ 000
(a) Finance Leases		
Commitments in relation to finance leases are payable as follows:		
- Within one year	14	22
- Later than one year but not later than 5 years	27	53
Minimum lease payments	41	75
- Less: future finance charges	4	8
Total lease liability	37	67
Representing lease liabilities:		
- Current (Note 11)	12	18
- Non current (Note 13)	25	49
Total	37	67
The weighted average interest rate implicit in the leases is 7.46% (2007 7.34%).		
(b) Capital Commitments		
Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities, payable:		
- Within one year	-	-
- Later than one year but not later than 5 years	-	-
- Later than 5 years	-	-
Total	-	-

For the year ended 30 June 2008
Notes to and forming part of the
Financial Statements (continued)

19. Commitments For Expenditure (continued)	2008	2007
	\$ 000	\$ 000
(c) Operating Leases Commitments for minimum lease payments in relation to non cancellable operating leases are payable as follows:		
- Within one year	253	310
- Later than one year but not later than 5 years	200	25
- Later than 5 years	-	-
Total	453	335

20. Dividends	2008	2007
	\$ 000	\$ 000
Ordinary Final dividend for the year ended 30 June 2007 paid at 5.5 cents (2006 : 4.5 cents) Franked @ 30%	2,364	1,932
Interim dividend for the year ended 30 June 2008 declared at 5.5 cents (2007 : 4.5 cents) Franked @ 30%	2,364	1,933
	4,728	3,865
Dividends Not Recognised Year End Since year end the directors have recommended the payment of a final dividend of 6.5 cents fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 24 October 2008 out of retained profits, but not recognised as a liability at year end is	2,794	2,364
Franking credits available for the subsequent financial year	4,045	3,791

The above amounts represent the balances of the franking account as at the end of the financial year, adjusted for:

- (a) franking credits that will arise from the payment of income tax payable as at the end of the year;
- (b) franking debits that will arise from the payment of dividends proposed as at the end of the year; and
- (c) franking credits that may be prevented from being distributed in the subsequent year.

Franking credits available for subsequent financial years are based on a tax rate of 30%.

The impact on the franking account of the dividend recommended by the directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of \$1,197,000 (2007: \$1,013,000).

21. Receivables And Payables Denominated In Foreign Currencies	2008	2007
	\$ 000	\$ 000
Amounts not effectively hedged		
Receivables – Current		
United States dollars	-	488

22. Auditors' Remuneration	2008	2007
	\$	\$
Total amounts receivable by RSM Bird Cameron Partners for:		
(a) Audit and review of the company's financial statements	64,245	59,575
(b) Other services	-	-
	64,245	59,575

It is company policy that RSM Bird Cameron Partners will not be appointed or retained to provide any other services outside their statutory audit duties as auditors of the company.

For the year ended 30 June 2008
**Notes to and forming part of the
 Financial Statements (continued)**

23. Share Based Payments

Executive Share Option Plan

The establishment of the IDT Australia Limited Executive Share Option Plan was approved by a General Meeting of the company held on 16 May 1995. Senior executives (including directors of IDT Australia Limited) are eligible to participate in the plan. The number of unissued ordinary shares under the options at 30 June 2008 is 1,360,000. Set out below are summaries of options outstanding under the plan:

2008

Grant Date	Expiry Date	Exercise Price	Balance at Start of the Year Number	Grant During the Year Number	Exercised During the Year Number	Expired During the Year Number	Balance at End of the Year Number
28 September 2004	28 September 2008	\$2.77	400,000	-	-	40,000	360,000
2 November 2004	2 November 2008	\$2.85	1,000,000	-	-	-	1,000,000

2007

Grant Date	Expiry Date	Exercise Price	Balance at Start of the Year Number	Grant During the Year Number	Exercised During the Year Number	Expired During the Year Number	Balance at End of the Year Number
8 August 2002	8 August 2006	\$2.50	340,000	-	-	340,000	-
28 September 2004	28 September 2008	\$2.77	400,000	-	-	-	400,000
2 November 2004	2 November 2008	\$2.85	1,200,000	-	-	200,000	1,000,000

Options are granted under the IDT Australia Limited Executive Option Plan terms and conditions. Options are granted under the plan for no consideration. Options are granted for a four year period, and vest immediately they are granted.

There were no options issued in this reporting period under the IDT Australia Limited Executive Option Plan.

Options granted under the plan carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share.

The exercise price of options is based on the weighted average price at which the company's shares are traded on the Australian Stock Exchange during the five trading days immediately before the options are granted or at a premium to this price as the Directors may determine.

The amounts disclosed for emoluments relating to options above are the assessed fair values at grant date of options granted to executive directors and other executives, allocated equally over the period from grant date to vesting date. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, 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 option.

The number of unlisted options in the company held during the financial year by each director of IDT Australia Limited and each of the key executives are set out in note 24.

For the year ended 30 June 2008

Notes to and forming part of the Financial Statements (continued)

23. Share Based Payments (continued)

Employee Share Plan

The establishment of the IDT Australia Limited Employee Share Plan was approved at the Annual General Meeting held on 29 October 1999. On 16 August 2007 the Company issued to 100 employees, a total of 40,191 ordinary shares under the rules of the IDT Australia Limited Employee Share Plan.

Under the scheme, eligible employees may be offered up to \$1,000 worth of fully-paid ordinary shares in IDT Australia Limited annually for no cash consideration. The market value of shares issued under the scheme, measured as the weighted average market price on the day of issue of the shares, is recognised in the income statement as part of employee benefit costs in the period the shares are granted.

Shares issued under the scheme may not be sold until the earlier of three years after issue or cessation of employment with the company. In all other respects the shares rank equally with other fully-paid ordinary shares on issue.

The number of shares issued to participants in the scheme is the offer amount divided by the weighted average price at which the company's shares are traded on the Australian Stock Exchange during the five trading days immediately before the date of the offer.

Expenses arising from Share-based Payment Transactions

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

	2008 \$ 000	2007 \$ 000
Options issued under executive option plan	-	-
Shares issued under employee share plan	90	97
	90	97

24. Key Management Disclosures

Directors

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

- **GL Blackman** Chairman
- **R Elliott** Managing Director

Non Executive Directors:

- **A Blackman**
- **G Vaughan**
- **G Lord**
- **R Burnet**

Key Management Personnel

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

- **R Woods** R&D Manager
- **A McKenzie** Manager, Finance & Administration
- **J Kelly** Clinical Operations Manager
- **P Elliott** Quality Manager

All of the above persons were also Key Management during the year ended 30th June 2008.

For the year ended 30 June 2008
**Notes to and forming part of the
 Financial Statements (continued)**

24. Key Management Disclosures (continued)

Directors and Key Management Personnel

	2008 \$	2007 \$
Short term employee benefits	1,664,442	1,622,273
Post employment benefits	180,658	289,149
Long term benefits	36,892	36,608
Share based payments	5,000	5,000
	1,886,992	1,953,030

Share Holdings

The number of shares in the company held during the financial year by each director of IDT Australia Limited and each of the five specified executives are set out below.

2008

Directors

Name	Balance at Start of Year	Employee Share Issue	Other Changes During the Year	Balance at the end of the Year
A D Blackman	129,600	-	-	129,600
R Burnet	417,400	-	-	417,400
G F Lord	6,436,526	-	-	6,436,526
G N Vaughan	304,400	-	-	304,400

Executive Directors

Name	Balance at Start of Year	Employee Share Issue	Other Changes During the Year	Balance at the end of the Year
G L Blackman	5,830,313	-	-	5,830,313
R Elliott	6,406	445	-	6,851

Other Executives

Name	Balance at Start of Year	Employee Share Issue	Other Changes During the Year	Balance at the end of the Year
R Woods	85,888	445	-	86,333
A McKenzie	19,300	445	13,000	6,745
P Elliott	1,300	445	-	1,745
J Kelly	1,812	445	-	2,257

For the year ended 30 June 2008
Notes to and forming part of the
Financial Statements (continued)

24. Key Management Disclosures (continued)

2007

Directors

Name	Balance at Start of Year	Employee Share Issue	Other Changes During the Year	Balance at the end of the Year
A D Blackman	129,600	-	-	129,600
R Burnet	417,400	-	-	417,400
R R Green*	512,202	-	-	-
G F Lord	6,436,526	-	-	6,436,526
G N Vaughan	304,400	-	-	304,400

*Mr R R Green retired as a director, 27 October 2007.

Executive Director

Name	Balance at Start of Year	Employee Share Issue	Other Changes During the Year	Balance at the end of the Year
G L Blackman	5,830,313	-	-	5,830,313

Other Executives

Name	Balance at Start of Year	Employee Share Issue	Other Changes During the Year	Balance at the end of the Year
R Elliott	5,664	742	-	6,406
R Woods	85,146	742	-	85,888
A McKenzie	18,558	742	-	19,300
J Kelly	558	742	-	1,300
P Elliott	1,070	742	-	1,812

Unlisted Options

The number of unlisted options in the company held during the financial year by each director of IDT Australia Limited and each of the key executives are set out below. All options granted vest immediately and are exercisable for a four year period. There are 40,000 options held by executives not considered to be key management personnel.

2008

Directors

Name	Balance at Start of Year	Granted During the Year	Lapsed During the Year	Balance at the end of the Year
A D Blackman	200,000	-	-	200,000
R Burnet	200,000	-	-	200,000
G F Lord	200,000	-	-	200,000
G N Vaughan	200,000	-	-	200,000

For the year ended 30 June 2008
Notes to and forming part of the
Financial Statements (continued)

24. Key Management Disclosures (continued)

Executive Directors

Name	Balance at Start of Year	Granted During the Year	Lapsed During the Year	Balance at the end of the Year
G L Blackman	200,000	-	-	200,000
R Elliott*	120,000	-	-	120,000

* Appointed 2 January 2008

Other Executives

Name	Balance at Start of Year	Granted During the Year	Lapsed During the Year	Balance at the end of the Year
R Woods	60,000	-	-	60,000
A McKenzie	100,000	-	-	100,000
P Elliott	20,000	-	-	20,000
J Kelly	20,000	-	-	20,000

2007

Directors

Name	Balance at Start of Year	Granted During the Year	Lapsed During the Year	Balance at the end of the Year
A D Blackman	200,000	-	-	200,000
R Burnet	200,000	-	-	200,000
R R Green*	200,000	-	200,000	-
G F Lord	200,000	-	-	200,000
G N Vaughan	200,000	-	-	200,000

* Retired 27 October 2006

Executive Director

Name	Balance at Start of Year	Granted During the Year	Lapsed During the Year	Balance at the end of the Year
G L Blackman	200,000	-	-	200,000

Other Executives

Name	Balance at Start of Year	Granted During the Year	Lapsed During the Year	Balance at the end of the Year
R Elliott	200,000	-	80,000	120,000
R Woods	130,000	-	70,000	60,000
A McKenzie	180,000	-	80,000	100,000
P Elliott	90,000	-	70,000	20,000
J Kelly	20,000	-	-	20,000

For the year ended 30 June 2008

Notes to and forming part of the Financial Statements (continued)

25. Financial Reporting By Segments

The company operates predominantly in the pharmaceutical industry. The principal activities of the company are the provision of products and research and development and other technical services for the pharmaceutical and allied industries.

The company operates predominantly in one geographical area, being Australia.

26. Financial Risk Management

The company's activities expose it to a variety of financial risks; market risk (including currency risk, and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk.

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company.

Risk management is carried out by management under procedures approved by the Board of Directors. Management identifies and evaluates financial risks in close cooperation with the Board of Directors. The Board provides guidance for overall risk management, such as mitigating foreign exchange, interest rate and credit risks, and investing excess liquidity.

The Company's maximum exposure to credit and liquidity risk is as follows:

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The company operates internationally and is exposed to foreign exchange risk arising from currency exposures to the US dollar in billings and purchase of major equipment. It is company policy to contract and invoice predominantly in Australian dollars where possible.

The company had no exposure to foreign currency risk at 30 June 2008. (Refer Note 21).

(ii) Fair value interest rate risk

Refer to (d) below.

(b) Credit risk

The company has no significant concentrations of credit risk. The company has procedures in place to ensure that sales of products and services are made to customers with an appropriate credit history. The company has procedures in place to limit and manage the amount of credit exposure to any one customer.

	2008 \$ 000	2007 \$ 000
Financial Assets		
Cash and cash equivalents	2,028	1,856
Trade and other receivables	13,169	9,945
Total Financial Assets	15,197	11,801
Financial Liabilities		
Trade and other payables	4,776	2,038
Borrowings	359	947
Tax Liabilities	3,474	2,159
Total Financial Liabilities	8,609	1,320
Net Financial Position	6,588	6,657

For the year ended 30 June 2008

Notes to and forming part of the Financial Statements (continued)

26. Financial Risk Management (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to adequately fund cash flow requirements. Due to the dynamic nature of the underlying businesses, management aims at maintaining flexibility in funding by keeping committed credit lines available.

Interest Rate Exposures

Non Current Liabilities

2008	Floating interest rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total
Bills Payable	-	322	-	-	-	-	-	322
Lease Liabilities	-	12	25	-	-	-	-	37
	-	334	25	-	-	-	-	359
Weighted average Interest rate	-	7.13%	7.34%	-	-	-	-	-
2007	Floating interest rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total
Bills Payable	-	558	322	-	-	-	-	880
Lease Liabilities	-	18	24	25	-	-	-	67
	-	576	346	25	-	-	-	947
Weighted average Interest rate	-	6.66%	7.13%	7.34%	-	-	-	-

(d) Cash flow and fair value interest rate risk

As the company has no significant interest-bearing assets, the company's income and operating cash flows are not materially exposed to changes in market interest rates.

The company's interest-rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. Borrowings issued at fixed rates expose the company to fair value interest-rate risk. The company's interest rate exposures at 30 June 2008 are detailed in Note 13.

There are no material differences between balance sheet values and fair values of financial assets and liabilities. The company is not materially exposed to financial risk in relation to net fair values of financial assets and liabilities.

For the year ended 30 June 2008
Notes to and forming part of the
Financial Statements (continued)

27. Related Party Transactions	2008 \$	2007 \$
Directors		
The names of persons who were directors of the company at any time during the financial year are G L Blackman, A D Blackman, R Burnet, G N Vaughan, G F Lord and R Elliott.		
Key Management Personnel		
The following persons also have authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, during the financial year:		
Name	Position	
R Elliott	Managing Director	
R Woods	R&D Manager	
A McKenzie	Manager, Finance & Administration	
J Kelly	Clinical Operations Manager	
P Elliott	Quality Manager	
Transactions of Directors and Key Management Personnel Concerning Shares or Share Options		
The transactions relating to dividends were on the same terms and conditions that applied to other shareholders. The aggregate amounts of each of the above types of other transactions with directors and key management personnel were as follows:		
Dividends paid	1,454,438	1,171,686
Aggregate numbers of shares of IDT Australia Limited acquired and disposed of by directors or key management personnel were as follows:		
	2008 Shares	2007 Shares
Ordinary shares acquired	2,225	3,710
Ordinary shares disposed	(13,000)	(512,202)
The terms and conditions of 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 key management personnel at balance date were as follows:		
Ordinary shares	13,222,170	13,232,945
Information relating to Share Option transactions is set out in Note 24.		
Other Transactions with Directors and Key Management Personnel		
A family member of Dr G L Blackman is employed by IDT Australia Limited. This family member is employed on employer/employee terms, and has been compensated based on the role they perform.		
A director, Dr G Vaughan, is a director of Cytopia Limited. IDT Australia Limited as entered into a contract to provide services to Cytopia Limited on normal commercial terms and conditions and at normal commercial rates.		
	2008 \$	2007 \$
Aggregate Amount of Other Transactions with Directors and Key Management Personnel		
Employee Benefits	7,958	15,917
Professional Services	109,070	19,750
28. Reconciliation Of Net Cash Inflow From Operating Activities To Operating Profit After Income Tax	2008 \$ 000	2007 \$ 000
Net cash inflow from operating activities	10,329	8,869
Depreciation and amortisation	(2,216)	(2,168)
Development written-off	(820)	(153)
Interest income	226	113
Net loss on sale of non current assets	-	(78)

For the year ended 30 June 2008

Notes to and forming part of the Financial Statements (continued)

28. Reconciliation Of Net Cash Inflow From Operating Activities To Operating Profit After Income Tax (continued)	2008 \$ 000	2007 \$ 000
Net gain on sale of non current assets	46	-
Non-cash share based payment	(90)	(97)
Change in operating assets and liabilities		
(Decrease)/Increase in receivables	3,224	153
(Decrease)/Increase in inventories	(47)	(252)
(Increase)/Decrease in payables	(2,738)	111
(Increase)/Decrease in provision for deferred income tax	511	(20)
(Increase)/Decrease in other provisions	(1,315)	(1,011)
Operating profit after income tax	7,110	5,467
29. Earnings Per Share		
Basic earnings per share	16.5¢	12.7¢
Diluted earnings per share	16.5¢	12.7¢
Weighted average number of ordinary shares on issue during the year used in calculation of basic earnings per share	42,977,727	42,932,917
Weighted average number of ordinary shares on issue during the year used in the calculation of diluted earnings per share	42,977,727	42,932,917
Basic Earnings per share	2008 \$ 000	2007 \$ 000
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	7,110	5,467
Diluted earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	7,110	5,467

Information Concerning the Classification of Securities

Options

Options granted to managers and directors under the IDT Australia Limited Executive Share Option Plan are considered to be dilutive potential ordinary shares where the exercise price is less than the share price as at 30 June 2008. Only these potential ordinary shares have been included in the determination of diluted earnings per share.

No options have been included in the determination of basic earnings per share. Details relating to options are set out in Note 23.

30. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Critical judgements in applying the entity's accounting policies.

Future economic benefit of capitalised development costs.

The company applies AASB 138 Intangible Assets to determine the adequacy of the carrying value of the capitalised development costs.

Judgement is applied to periodically assess the appropriateness of the carrying value.

In making this judgement, the company makes reasonable and supportable assumptions to best represent management's estimate of the economic conditions that will exist over the useful life of the asset. In particular, the company evaluates, amongst other factors, the technical feasibility to complete the project, the existence of a market for the output and future sales contracts to conclude on the probability that expected future economic benefits will flow to the entity.

Where it is considered there is no longer a market for a project, the company recognises an impairment in accordance with AASB 136 Impairment of Assets.

For the year ended 30 June 2008

Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 30 to 55 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 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 2008 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 audited remuneration disclosures set out on pages 15 to 20 of the director's report comply with Accounting Standards AASB 124 Related Party Disclosures and the Corporations Regulations 2001.

The directors have been given the declarations by the chief executive officer and chief financial officer required by Section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the directors.



G L Blackman
Director



R Burnet
Director

Melbourne
15 September 2008

RSM Bird Cameron Partners

Chartered Accountants

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INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF IDT AUSTRALIA LIMITED

Report on the Financial Report

We have audited the accompanying financial report of IDT Australia Limited (“the company”), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors’ declaration.

Directors’ Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note one, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor’s Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial report 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 entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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scheme approved under
Professional Standards
Legislation

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 036

RSM Bird Cameron Partners is an
independent member firm of RSM
International, an affiliation of independent
accounting and consulting firms.



Liability limited by a scheme approved under Professional Standards Legislation

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of IDT Australia Limited on 15 September 2008, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion:

- (a) the financial report of IDT Australia Limited 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 2008 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 20 of the directors' report for the financial year ended 30 June 2008. 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.

Auditor's Opinion

In our opinion the Remuneration Report of IDT Australia Limited for the financial year ended 30 June 2008 complies with section 300A of the Corporations Act 2001.



RSM BIRD CAMERON PARTNERS
Chartered Accountants



P A RANSOM
Partner

22 September 2008
Melbourne

For the year ended 30 June 2008

Shareholder Information

The shareholder information set out below was applicable as at 29 August 2008.

A. Distribution of Equity Securities

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

No. of Fully Paid Ordinary Shares Held	Ordinary Shares	
	Shares	Options
1 - 1,000	604	-
1,001 - 5,000	991	-
5,001 - 10,000	337	-
10,001 - 100,000	372	6
100,001 - over	42	6
	2,346	12

There were 132 holders of less than a marketable parcel of ordinary shares.

B. Twenty Largest Shareholders

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

Name	Number of Ordinary Shares Held	Percentage of Issued Shares
1. Graeme Leslie Blackman	5,830,313	13.60
2. Paulene Blackman	4,692,737	10.95
3. ANZ Nominees Limited	2,665,506	6.22
4. Keygrowth Pty Ltd	2,332,116	5.44
5. National Nominees Limited	1,713,621	3.99
6. J P Morgan Nominees Australia Limited	879,495	2.05
7. Coven-SA Ltd	782,300	1.83
8. Debuscey Pty Ltd	746,800	1.74
9. Fortis Clearing Nominees P/L	647,901	1.51
10. Mr Anthony Huntley	635,000	1.48
11. GNR Superannuation	461,247	1.11
12. Avanteos Investments Limited	417,400	0.97
13. Sandhurst Trustees Ltd	408,070	0.95
14. Mr Theodore Hays McLendon	373,300	0.86
15. PAPL Ebsco Pty Ltd	342,991	0.80
16. Belgravia Strategic Equities Pty Ltd	321,215	0.75
17. Dr Geoffrey Norman Vaughan	304,400	0.71
18. Mirlex Pty Ltd	273,070	0.64
19. Dixon Trust Pty Limited	244,826	0.57
20. Paribas Pty Ltd	200,000	0.47
	24,272,308	56.64

For the year ended 30 June 2008

Shareholder Information (continued)

C. Substantial Holders

Substantial holders in the company are set out below:

Ordinary Shares	Number Held	Percentage
Graeme Leslie Blackman	5,830,313	13.60%
Paulene Blackman	4,692,737	10.95%
Belgravia Group Pty Ltd	3,171,295	7.38%
ANZ Nominees Limited	2,475,204	5.76%

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 Limited**
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