

IDT Australia Limited  
ASX Preliminary final report - 30 June 2008

Lodged with the ASX under Listing Rule 4.3A

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### Results for Announcement to the Market

				<b>\$'000</b>
<b>Revenue</b> from ordinary activities	<b>up</b>	18%	to	<b>31,461</b>
<b>Profit/(loss)</b> from ordinary activities before tax attributable to members	<b>up</b>	30%	to	<b>10,143</b>
<b>Net profit/(loss)</b> for the period attributable to members	<b>up</b>	30%	to	<b>7,110</b>

<b>Dividends/distributions</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
Interim dividend	5.5¢	5.5¢
Final dividend	6.5¢	6.5¢
Total dividend for year	12.0¢	12.0¢
Total dividend for previous corresponding year	10¢	10¢

**Record date** for determining entitlements to the dividend

10 October 2008

### Report of Directors on Financial Results

#### KEY RESULTS:

- **Record full year pre tax profit of \$10.1 Million**
- **Increase of 30% in after tax profits over the previous corresponding full year period**
- **Revenue up 18% to \$31.5 Million**
- **Record full year dividend of 12 cents per share**
- **Launch of “Future Directions” growth plan**

## **COMMENTARY**

Directors of IDT Australia Limited are pleased to confirm that IDT has continued to show significant growth with a substantial increase in revenue and earnings for the year ended 30 June, 2008.

IDT's profit after tax for the year ended 30 June 2008 increased by 30% to \$7.1 million compared to the previous year's profit after tax of \$5.5 million. Profit before tax for the company was \$10.1 million, an increase of 30% over the previous corresponding period in 2007. Revenue for the full year ended 30 June 2008 was a record \$31.5 million, an increase of 18% over the previous corresponding period. Earnings per share increased over the year from 12.7 cents to 16.5 cents per share. The company continued to show a strong EBIT margin.

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.

IDT's new "Future Directions" growth plan was launched in December, 2007. This strategy is designed to transform IDT into a high performing global organization that provides a sustainable business profit growth and shareholder return on investment which reflect outstanding performance. The commencement of this plan has coincided with a world-wide increase in the trend to outsource pharmaceutical development and manufacturing activities.

The early benefits of this strategy are already evident in the 2007/2008 financial results. The company has aggressively sought to expand contracts with current clients and pursue work from new international clients in the niche area of development and manufacturing of pharmaceutical products requiring containment. A new corporate image and marketing plan have been implemented to further enhance IDT's international recognition as a major service provider in this technically difficult, niche market. IDT has completed the construction and validation of new containment manufacturing and logistics facilities, and the training of new staff, to ensure that the infrastructure and resources are available to meet the medium term requirements of the growth plan.

IDT has also completed the construction and validation of the new 4000L facility dedicated to the collaborative project between Pfizer and IDT that has previously been announced. This "state of the art" facility was recently opened by 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 over the last few years.

Strong clinical revenue was generated by IDT's CMAX clinical trial division in 2007/2008 due to CMAX undertaking several significant Phase I clinical trials for international companies. Recently the CMAX business development resource has been strengthened to enable CMAX to win a greater number of these important trials in the future.

With the benefit of a full year of the "Future Directions" strategy, the Board is confident that IDT will continue to deliver strong double figure profit growth in 2008/2009.

### **Company Background:**

IDT Australia Limited (IDT) is a leading manufacturer of active pharmaceutical ingredients and finished pharmaceutical dosage forms for Australian and international markets. The company also provides a comprehensive range of consultancy, research and development, and analytical services to the pharmaceutical and biotechnology industries. The CMAX division of the company operates a 48-bed clinical trials unit within the Royal Adelaide Hospital. The unit provides Phase I and later phase clinical trial services.

Established in 1975, IDT is an Australian-owned ASX listed public company, employing over 150 highly qualified and experienced scientists, nurses, engineers and support staff. The company has a number of modern facilities and laboratories in Melbourne and Adelaide and is licensed by the Australian Therapeutic Goods Administration (TGA) and the United States Food and Drug Administration (FDA). IDT has become especially well known internationally for its manufacturing facilities dedicated for the production and testing of high potency and cytotoxic drugs.

**Appendix 4E**  
**Preliminary final report**  
**Period ending 30 June 2008**

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IDT Australia Limited  
Preliminary Income Statement  
For the year ended 30 June 2008

	<b>2008</b>	2007
	<b>\$ 000</b>	\$ 000
Revenue from ordinary activities	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
Travel	130	175
Consumables	198	247
Overseas travel	161	131
Share Registry	47	41
Accounting	79	61
Rent	438	436
Other expenses	1,434	1,613
Profit from ordinary activities before income tax expense	<u>10,143</u>	<u>7,784</u>
Income tax expense	<u>3,033</u>	<u>2,317</u>
Net profit attributable to members of IDT Australia Limited	<u>7,110</u>	<u>5,467</u>
Basic earnings per share	16.5¢	12.7¢
Diluted earnings per share	<u>16.5¢</u>	<u>12.7¢</u>

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IDT Australia Limited  
Notes to the preliminary income statement  
for the year ended 30 June 2008

	<b>2008</b>	2007
	<b>\$ 000</b>	\$ 000
<b>REVENUE</b>		
Revenue from operating activities	30,871	26,298
Revenue from Outside the Operating Activities		
- Interest	226	113
- Sale of non current assets	143	262
- Royalties	221	-
	<u>590</u>	<u>375</u>
Total Revenue	<u>31,461</u>	<u>26,673</u>

**OPERATING PROFIT**

Profit from ordinary activities before income tax expense includes the following specific expenses:	<b>2008</b>	2007
	<b>\$ 000</b>	\$ 000
<b>Expenses</b>		
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
Development costs written off	820	153
Bad and doubtful debts	-	-
Repairs and maintenance	585	522

**INCOME TAX**

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

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 payments	27	29
	<u>3,072</u>	<u>2,318</u>
Under (over) provision in previous year	(39)	(1)
Income tax expense attributable to operating profit	<u>3,033</u>	<u>2,317</u>

**Appendix 4E**  
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**Period ending 30 June 2008**

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IDT Australia Limited  
Preliminary Balance Sheet  
as at 30 June 2008

	<b>2008</b>	2007
	<b>\$ 000</b>	\$ 000
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	2,028	1,856
Trade and other receivables	13,169	9,945
Inventories	848	895
<b>TOTAL CURRENT ASSETS</b>	<u>16,045</u>	<u>12,696</u>
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	25,268	22,324
Intangible Assets	1,028	1,896
<b>TOTAL NON CURRENT ASSETS</b>	<u>26,296</u>	<u>24,220</u>
<b>TOTAL ASSETS</b>	<u>42,341</u>	<u>36,916</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	4,776	2,038
Borrowings	334	576
Current tax liabilities	2,530	1,268
<b>TOTAL CURRENT LIABILITIES</b>	<u>7,640</u>	<u>3,882</u>
<b>NON CURRENT LIABILITIES</b>		
Borrowings	25	371
Deferred tax liabilities	871	1,382
Provisions	944	891
<b>TOTAL NON CURRENT LIABILITIES</b>	<u>1,840</u>	<u>2,644</u>
<b>TOTAL LIABILITIES</b>	<u>9,480</u>	<u>6,526</u>
<b>NET ASSETS</b>	<u>32,861</u>	<u>30,390</u>
<b>EQUITY</b>		
Contributed equity	15,382	15,383
Reserves	1,410	1,320
Retained profits	16,069	13,687
<b>TOTAL EQUITY</b>	<u>32,861</u>	<u>30,390</u>

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**Appendix 4E**  
**Preliminary final report**  
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IDT Australia Limited  
Notes to the preliminary balance sheet  
for the year ended 30 June 2008

	<b>2008</b>	2007
	<b>\$ 000</b>	\$ 000
<b>CURRENT ASSETS - CASH AND CASH EQUIVALENTS</b>		
Cash at bank and on hand	2,028	1,856
 <b>CURRENT ASSETS – TRADE AND OTHER RECEIVABLES</b>		
Trade Receivables	11,926	6,753
Less: Provision for Doubtful Debts	-	-
	<u>11,926</u>	<u>6,753</u>
Other Receivables	926	2,855
Prepayments	317	337
	<u>13,169</u>	<u>9,945</u>
 <b>CURRENT ASSETS - INVENTORIES</b>		
Raw Materials - at cost	612	685
- at net realisable value	181	181
	<u>793</u>	<u>866</u>
Work in Progress - at cost	55	29
	<u>848</u>	<u>895</u>
 <b>NON CURRENT ASSETS – INTANGIBLE ASSETS</b>		
Development expenditure capitalised	3,131	3,014
Less: Accumulated amortisation	2,103	1,118
	<u>1,028</u>	<u>1,896</u>
Reconciliation of Intangible Assets		
Carrying amount at start of year	1,896	1,481
Development expenditure capitalised during the year	117	769
Amortisation of development costs during the year	(165)	(201)
Development costs - written off during the year	(820)	(153)
Carrying amount at end of year	<u>1,028</u>	<u>1,896</u>
 <b>CURRENT LIABILITIES – BORROWINGS</b>		
Lease Liabilities	12	18
Bills Payable	322	558
Total Current Borrowings	<u>334</u>	<u>576</u>
 <b>NON CURRENT LIABILITIES – BORROWINGS</b>		
Lease Liabilities	25	49
Bills Payable	-	322
	<u>25</u>	<u>371</u>

IDT Australia Limited  
Preliminary statement of changes in equity  
for the year ended 30 June 2008

	<b>2008</b> <b>\$ 000</b>	2007 \$ 000
<b>Total Equity at the beginning of the year</b>	30,390	28,692
Capital raising costs	(1)	(1)
Share based payment	90	97
	<hr/>	<hr/>
<b>Net Income recognised directly in equity</b>	89	96
Profit for the year	7,110	5,467
	<hr/>	<hr/>
<b>Total recognised income and expense for the year</b>	7,199	5,563
Dividend	(4,728)	(3,865)
	<hr/>	<hr/>
<b>Total Equity at the end of the year</b>	<u>32,861</u>	<u>30,390</u>

**Appendix 4E**  
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IDT Australia Limited  
Preliminary cashflow statement  
for the year ended 30 June 2008

	<b>2008</b>	<b>2007</b>
	<b>\$ 000</b>	<b>\$ 000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	33,194	31,704
Payments to suppliers and employees	<u>(20,548)</u>	<u>(21,473)</u>
	12,646	10,231
Interest and other costs of finance paid	(36)	(80)
Income taxes paid	<u>(2,281)</u>	<u>(1,282)</u>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<u>10,329</u>	<u>8,869</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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	<u>226</u>	<u>113</u>
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>	<u>(4,842)</u>	<u>(2,905)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	(558)	(558)
Dividends paid	(4,728)	(3,865)
Repayment of lease liabilities	<u>(29)</u>	<u>(52)</u>
<b>NET CASH (OUTFLOW) FROM FINANCING ACTIVITIES</b>	<u>(5,315)</u>	<u>(4,475)</u>
<b>NET (DECREASE) INCREASE IN CASH HELD</b>	172	1,489
Cash at the beginning of the financial year	<u>1,856</u>	<u>367</u>
<b>CASH AT THE END OF THE FINANCIAL YEAR</b>	<u>2,028</u>	<u>1,856</u>

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IDT Australia Limited  
Note to preliminary cashflow statement  
for the year ended 30 June 2008

	<b>2008</b>	2007
	<b>\$ 000</b>	\$ 000
<b>RECONCILIATION OF NET CASH INFLOW FROM OPERATING ACTIVITIES TO OPERATING PROFIT AFTER INCOME TAX</b>		
Net cash inflow from operating activities	10,329	8,869
Depreciation and amortisation	(2,216)	(2,168)
Development costs – written off	(820)	(153)
Interest Income	226	113
Net loss on sale of non current assets	-	(78)
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	<u>7,110</u>	<u>5,467</u>

**Changes in accounting policy**

NIL

**Segment note**

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

**Discontinuing operations**

NIL

**Events occurring after reporting date**

NIL

### **Additional dividend/distribution information**

Details of dividends/distributions declared or paid during or subsequent to the year ended 30 June 2008 are as follows:

At the August 2008 board meeting, the directors have declared a final dividend of 6.5¢ for the financial year ended 30 June 2008. The record date for determining entitlements to the dividend is 10 October 2008 with a payment date of 24 October 2008.

### **Dividend/distribution reinvestment plans**

Not Applicable

### **Retained Earnings**

	<b>2008</b> <b>\$'000</b>
Retained earnings at the beginning of the financial year	13,687
Net profit attributable to members of IDT AUSTRALIA LIMITED	7,110
Dividends provided for or paid	<u>(4,728)</u>
Retained profits at the end of the financial year	<u>16,069</u>

### **NTA Backing**

	<b>2008</b>	2007
Net tangible asset backing per ordinary share	\$0.74	\$0.66

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

Not applicable

### **Associates and Joint Venture entities**

Not applicable

**Foreign Accounting standards**

Not applicable

**Audit**

This report is based on accounts that are in the process of being audited.