

IDT Australia Limited  
ASX Preliminary final report - 30 June 2009

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>down</b>	15%	to	<b>26,701</b>
<b>Profit/(loss)</b> from ordinary activities before tax attributable to members	<b>down</b>	11%	to	<b>9,016</b>
<b>Net profit/(loss)</b> for the period attributable to members	<b>down</b>	10%	to	<b>6,416</b>

<b>Dividends/distributions</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
Interim dividend	5.5¢	5.5¢
Final dividend	5.0¢	5.0¢
Total dividend for year	10.5¢	10.5¢
Total dividend for previous corresponding year	12¢	12¢

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

9 October 2009

## Report of Directors on Financial Results

### KEY RESULTS:

- **Strong full year pre tax profit of \$9 Million**
- **Full year dividend of 10.5 cents per share**
- **Debt free Balance Sheet**
- **The Board is confident of IDT's medium to long term growth prospects.**

### COMMENTARY

#### **FINANCIAL RESULTS**

Directors of IDT Australia Limited are pleased to confirm that IDT has continued to show strong profitability in a difficult trading environment. IDT has delivered a sound result in light of contraction in the level of research and development activity by local and overseas Pharmaceutical and Biotech companies due to the global financial crisis.

IDT's profit after tax for the year ended 30 June 2009 decreased 10% to \$6.4 million compared to the previous year's profit after tax of \$7.1 million. Profit before tax for the company was \$9 million, a decrease of 11% over the previous corresponding period in 2008. Revenue for the full year ended 30 June 2009 was \$26.7 million, a decrease of 15% over the previous corresponding period. Earnings per share decreased over the year from 16.5 cents to 14.9 cents per share.

The Directors have announced a fully franked final dividend for the year of 5 cents per share. This brings the dividend for the full year to 10.5 cents per share which maintains the dividend payout ratio in line with the prior year. Record date for determination of the dividend is 9 October 2009 and payment of the dividend will be made to shareholders on 23 October 2009.

#### **OPERATIONAL ACTIVITIES**

The financial global crisis impacted the company's trading conditions in the financial year 2008/2009. Due to uncertain financial markets and difficulties in raising funds, a number of clients reviewed their drug development activities with a view to preserving cash in the short term. This had an impact upon a number of IDT projects with clients delaying projects, reducing activities or putting project plans on hold. During this difficult period IDT management and staff worked diligently to add new clients and projects to its development and manufacturing portfolio to ensure that a strong profit was achieved for the year.

A major accomplishment in 2008/2009 was the commissioning and validation of the 4000L active pharmaceutical ingredient (API) facility for use in the manufacture of antibiotic API. The facility has been utilized in the successful manufacture an antibiotic API for use in Pfizer clinical trials. All work on the Pfizer project was halted in December 2008 and Pfizer has confirmed as of today that they are no longer pursuing development of the antibiotic. Negotiations are to be held in relation to the significant Pfizer capital commitment invested on the IDT Boronia site. IDT are currently in discussions with two potential clients with antibiotic projects for which the facilities would be utilised.

In May/June 2009 IDT was audited by both the USA's Food and Drug Administration and Australia's Therapeutic Goods Administration. In both cases the audits were extremely successful confirming IDT's status as a supplier of quality drugs to world markets.

Significant clinical revenue growth has been achieved in the second half of the 2008/09 financial year for IDT's CMAX clinical trial unit in Adelaide. CMAX is Australia's premier phase one trial unit and as such is undertaking the current CSL clinical trial for the world's first commercial swine flu vaccine. CMAX has won substantial projects which will be undertaken over next 6 months and has ongoing inquiries for Phase I and vaccine clinical trials from both overseas and domestic clients.

IDT commenced a number of cost saving measures in 2009 to ensure maximum return for our shareholders. These on-going measures include resource restructuring, leave utilisation, review of key supplier terms and relationships, tighter internal authorisation levels and the passing through of both direct and indirect costs to clients.

## **OUTLOOK**

The global financial crisis continues to affect our major overseas pharmaceutical partners resulting in several major projects being deferred. As a consequence, the company's short term outlook depends on the resumption of growth of our overseas partners and identification of new projects. The company's debt free balance sheet means that IDT can take advantage of opportunities as they arise. The Board is confident in terms of IDT's medium to long term growth prospects.

## **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 2009**

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IDT Australia Limited  
Preliminary Income Statement  
For the year ended 30 June 2009

	<b>2009</b>	2008
	<b>\$ 000</b>	\$ 000
Revenue from ordinary activities	26,701	31,461
Raw materials and consumables used	244	291
Employee benefits expense	11,374	12,097
Depreciation and amortisation expense	2,348	2,216
Development costs written off	151	820
Borrowing costs expense	10	36
Utilities	894	755
Repairs and maintenance	652	585
Subject and Screenings	432	1,471
Insurance	282	367
Waste Removal	95	193
Travel	109	130
Consumables	251	198
Overseas travel	134	161
Share Registry	38	47
Accounting	72	79
Rent	303	438
Other expenses	296	1,434
Profit from ordinary activities before income tax expense	<u>9,016</u>	<u>10,143</u>
Income tax expense	<u>2,600</u>	<u>3,033</u>
Net profit attributable to members of IDT Australia Limited	<u>6,416</u>	<u>7,110</u>
Basic earnings per share	14.9¢	16.5¢
Diluted earnings per share	<u>14.9¢</u>	<u>16.5¢</u>

**Appendix 4E**  
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**Period ending 30 June 2009**

IDT Australia Limited  
Notes to the preliminary income statement  
for the year ended 30 June 2009

	<b>2009</b>	2008
	<b>\$ 000</b>	\$ 000
<b>REVENUE</b>		
Revenue from operating activities	26,423	30,871
Revenue from Outside the Operating Activities		
- Interest	133	226
- Sale of non current assets	36	143
- Royalties	109	221
	<u>278</u>	<u>590</u>
Total Revenue	<u>26,701</u>	<u>31,461</u>

**OPERATING PROFIT**

Profit from ordinary activities before income tax expense includes the following specific expenses:	<b>2009</b>	2008
	<b>\$ 000</b>	\$ 000
<b>Expenses</b>		
Cost of Goods Sold	3,547	3,702
Interest paid on other borrowings	8	32
Finance charges relating to finance leases	2	4
Depreciation of property, plant and equipment	2,215	2,039
Amortisation		
Finance leases capitalised	6	12
Development Costs	127	165
Development costs written off	151	820
Bad and doubtful debts	-	-
Repairs and maintenance	652	585

**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	9,016	10,143
Prima facie tax expense at 30%	2,705	3,043
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Non deductible entertainment expenses	2	1
Development costs deduction	(30)	(9)
Motor vehicle depreciation	8	10
Share based payments	29	27
Tax Break Investment	(114)	-
	<u>2,600</u>	<u>3,072</u>
Under (over) provision in previous year	-	(39)
Income tax expense attributable to operating profit	<u>2,600</u>	<u>3,033</u>

**Appendix 4E**  
**Preliminary final report**  
**Period ending 30 June 2009**

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IDT Australia Limited  
Preliminary Balance Sheet  
as at 30 June 2009

	<b>2009</b>	2008
	<b>\$ 000</b>	\$ 000
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	1,834	2,028
Trade and other receivables	8,809	13,169
Inventories	775	848
<b>TOTAL CURRENT ASSETS</b>	<b>11,418</b>	<b>16,045</b>
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	26,888	25,268
Intangible Assets	1,154	1,028
<b>TOTAL NON CURRENT ASSETS</b>	<b>28,042</b>	<b>26,296</b>
<b>TOTAL ASSETS</b>	<b>39,460</b>	<b>42,341</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	1,804	4,776
Borrowings	12	334
Current tax liabilities	642	2,530
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,458</b>	<b>7,640</b>
<b>NON CURRENT LIABILITIES</b>		
Borrowings	-	25
Deferred tax liabilities	1,642	871
Provisions	1,148	944
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>2,790</b>	<b>1,840</b>
<b>TOTAL LIABILITIES</b>	<b>5,248</b>	<b>9,480</b>
<b>NET ASSETS</b>	<b>34,212</b>	<b>32,861</b>
<b>EQUITY</b>		
Contributed equity	15,381	15,382
Reserves	1,510	1,410
Retained profits	17,321	16,069
<b>TOTAL EQUITY</b>	<b>34,212</b>	<b>32,861</b>

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**Appendix 4E**  
**Preliminary final report**  
**Period ending 30 June 2009**

IDT Australia Limited  
Notes to the preliminary balance sheet  
for the year ended 30 June 2009

	<b>2009</b>	2008
	<b>\$ 000</b>	\$ 000
<b>CURRENT ASSETS - CASH AND CASH EQUIVALENTS</b>		
Cash at bank and on hand	1,834	2,028
<b>CURRENT ASSETS – TRADE AND OTHER RECEIVABLES</b>		
Trade Receivables	5,767	11,926
Less: Provision for Doubtful Debts	-	-
	<u>5,767</u>	<u>11,926</u>
Other Receivables	2,574	926
Prepayments	468	317
	<u>8,809</u>	<u>13,169</u>
<b>CURRENT ASSETS - INVENTORIES</b>		
Raw Materials - at cost	557	612
- at net realisable value	189	181
	<u>746</u>	<u>793</u>
Work in Progress - at cost	29	55
	<u>775</u>	<u>848</u>
<b>NON CURRENT ASSETS – INTANGIBLE ASSETS</b>		
Development expenditure capitalised	3,535	3,131
Less: Accumulated amortisation	2,381	2,103
	<u>1,154</u>	<u>1,028</u>
Reconciliation of Intangible Assets		
Carrying amount at start of year	1,028	1,896
Development expenditure capitalised during the year	404	117
Amortisation of development costs during the year	(127)	(165)
Development costs - written off during the year	(151)	(820)
Carrying amount at end of year	<u>1,154</u>	<u>1,028</u>
<b>CURRENT LIABILITIES – BORROWINGS</b>		
Lease Liabilities	12	12
Bills Payable	-	322
Total Current Borrowings	<u>12</u>	<u>334</u>
<b>NON CURRENT LIABILITIES – BORROWINGS</b>		
Lease Liabilities	-	25
Bills Payable	-	-
	<u>-</u>	<u>25</u>

IDT Australia Limited  
Preliminary statement of changes in equity  
for the year ended 30 June 2009

	<b>2009</b> <b>\$ 000</b>	2008 \$ 000
<b>Total Equity at the beginning of the year</b>	32,861	30,390
Capital raising costs	(1)	(1)
Share based payment	100	90
	<hr/>	<hr/>
<b>Net Income recognised directly in equity</b>	99	89
Profit for the year	6,416	7,110
	<hr/>	<hr/>
<b>Total recognised income and expense for the year</b>	6,515	7,199
Dividend	(5,164)	(4,728)
	<hr/>	<hr/>
<b>Total Equity at the end of the year</b>	<u>34,212</u>	<u>32,861</u>

**Appendix 4E**  
**Preliminary final report**  
**Period ending 30 June 2009**

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IDT Australia Limited  
Preliminary cashflow statement  
for the year ended 30 June 2009

	<b>2009</b>	2008
	<b>\$ 000</b>	\$ 000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	34,588	33,194
Payments to suppliers and employees	<u>(21,438)</u>	<u>(20,548)</u>
	13,150	12,646
Interest and other costs of finance paid	(10)	(36)
Income taxes paid	<u>(3,717)</u>	<u>(2,281)</u>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<u>9,423</u>	<u>10,329</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(3,870)	(5,094)
Proceeds from sale of property, plant and equipment	36	143
Payments for development costs	(404)	(117)
Interest received	<u>133</u>	<u>226</u>
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>	<u>(4,105)</u>	<u>(4,842)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	(322)	(558)
Dividends paid	(5,164)	(4,728)
Repayment of lease liabilities	<u>(26)</u>	<u>(29)</u>
<b>NET CASH (OUTFLOW) FROM FINANCING ACTIVITIES</b>	<u>(5,512)</u>	<u>(5,315)</u>
<b>NET (DECREASE) INCREASE IN CASH HELD</b>	(194)	172
Cash at the beginning of the financial year	<u>2,028</u>	<u>1,856</u>
<b>CASH AT THE END OF THE FINANCIAL YEAR</b>	<u>1,834</u>	<u>2,028</u>

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IDT Australia Limited  
Note to preliminary cashflow statement  
for the year ended 30 June 2009

<b>RECONCILIATION OF NET CASH INFLOW FROM OPERATING ACTIVITIES TO OPERATING PROFIT AFTER INCOME TAX</b>	<b>2009 \$ 000</b>	2008 \$ 000
Net cash inflow from operating activities	9,423	10,329
Depreciation and amortisation	(2,348)	(2,216)
Development costs – written off	(151)	(820)
Interest Income	133	226
Net loss on sale of non current assets	(1)	-
Net gain on sale of non current assets	8	46
Non-cash share based payment	(100)	(90)
Change in operating assets and liabilities		
(Decrease)/Increase in receivables	(4,360)	3,224
(Decrease)/Increase in inventories	(73)	(47)
(Increase)/Decrease in payables	2,972	(2,738)
(Increase)/Decrease in provision for deferred income tax	(771)	511
(Increase)/Decrease in other provisions	1,684	(1,315)
Operating profit after income tax	<u>6,416</u>	<u>7,110</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 2009 are as follows:

At the August 2009 board meeting, the directors have declared a final dividend of 5¢ for the financial year ended 30 June 2009. The record date for determining entitlements to the dividend is 9 October 2009 with a payment date of 23 October 2009.

### Dividend/distribution reinvestment plans

Not Applicable

### Retained Earnings

	<b>2009</b> <b>\$'000</b>
Retained earnings at the beginning of the financial year	16,069
Net profit attributable to members of IDT AUSTRALIA LIMITED	6,416
Dividends provided for or paid	<u>(5,164)</u>
Retained profits at the end of the financial year	<u>17,321</u>

### NTA Backing

	<b>2009</b>	2008
Net tangible asset backing per ordinary share	\$0.80	\$0.74

### 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.