

APPENDIX 4D – Half year report

IDT Australia Limited
ASX Half Year report – 31 December 2018

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Results for Announcement to the Market

Periods

Report for the half year ended 31 December 2018

Previous corresponding period is the financial year ended 30 June 2018, and the half year ended 31 December 2017

				\$'000
Revenue from ordinary activities	Up	30%	to	6,510
Loss from ordinary activities after tax attributable to members	Down (*)	22%	to	(2,392)
Net profit/(loss) for the period attributable to members	Down	86%	to	(2,392)

(*) reduction of reported loss

In calculating the reduction in the Loss from ordinary activities after tax, the impairment adjustment of \$14.144million recognised in December 2017 has been excluded. The underlying Loss from ordinary activities after tax of \$2.392million is improved over \$3.058million recognised in the comparative period.

	Period ended 31 December 2018	Period ended 31 December 2017	Reduction %
Loss for the Half Year	(2,392)	(17,202)	(86%)
Impairment of Intangible Assets	-	14,144	
Loss from ordinary activities	(2,392)	(3,058)	(22%)

There are **no dividends** proposed or declared for the period.

Results Commentary

The financial information provided in the Appendix 4D should be read in conjunction with the half-year financial statements and Directors' report, prepared in accordance with Australian Accounting Standards.

The first half results for financial year 2019 reflect an improved trading result over the comparable reporting period in the preceding year. The results highlight IDT's renewed focus on profitability and securing high quality (high margin) manufacturing content. Year on year revenues have increased by \$1.6m (up 30%) and operating costs have been carefully controlled. Consequently, a reduction in operating loss has been reported, despite \$0.3m being spent on remediation activities associated with the U.S. Food and Drug Administration (FDA) Warning Letter. During the reporting period there was a reduction in cash balances held of \$4.9m, which includes \$1.6m returned to shareholders through small parcel and on market share buy backs implemented in the period.

Following on from the manufacturing partnership with Cann Group Ltd announced in August 2018, IDT is continuing to make strong inroads into the medicinal cannabis space. IDT is leveraging off the Company's audited and accredited pharmaceutical manufacturing facilities to manufacture finished cannabis products for domestic and export markets. In May 2018 IDT applied to the Office of Drug Control (ODC) for a licence to manufacture medicinal cannabis and is currently standing-by for a final determination from the ODC. If granted the licence will allow IDT to manufacture medicinal cannabis products in its own right.

During the reporting period IDT has met all of its commitments outlined in the Remediation and Action Plan which details the roadmap for the Company to address the observations noted by the FDA during their December 2017 general compliance audit and subsequent Warning Letter. IDT is now progressing its Audit Readiness Plan with a view to inviting the FDA back for a re-inspection of the Company's facilities in the first half of calendar 2019, which if successful will lead to the lifting of the Warning Letter.

Following divestment of CMAX and the ANDA assets, concluded in the prior financial year, and a strategic and operational review of business operations it was considered that the Company holds cash reserves exceeding projected requirements. The Company has resolved for excess funds to be returned to shareholders and accordingly has commenced a buy-back of unmarketable parcels and an on market buy-back within the framework of the "10/12 limit" as defined by the *Corporations Act 2001*. To 31 December 2018, 9,043,138 shares have been bought back under the on market share buy-back for consideration of \$1,516,645, representing 37% of the available capacity. Additionally, a small parcel buy back has been concluded with 659,381 shares bought back for a total consideration of \$102,204; reducing IDT's total number of shareholders by 598 (30%).

Other Appendix 4D Information

Net Tangible Assets per Security

	2018	2017
Net tangible asset per security as at 31 December	11.6¢	10.5¢

Controlled entities acquired or disposed of

None

Associates and Joint Venture Entities

None

Discontinuing Operations

None

Foreign Entity Accounting Standards

Not applicable

Audit

The financial report has been independently reviewed. The financial report is not subject to a qualified independent review statement or an emphasis of matter. The independent audit review report is attached to the financial statements.