

IDT AUSTRALIA LIMITED (IDT)

ASX Market Announcement

12 April 2010

PFIZER ASSETS TO BE TRANSFERRED TO IDT AND EARNINGS GUIDANCE

As the company has previously advised, during the course of the IDT/Pfizer Antibiotic project, Pfizer invested over \$20 million in plant and equipment at IDT's Wadhurst Drive facilities. IDT and Pfizer have agreed that the title and control of these assets will now be transferred to IDT for no upfront cost. The contract terms have now been agreed between the parties with formal exchange of contracts to occur in the near future. IDT has agreed to provide Pfizer a royalty stream from utilisation of the plant and a discounted fee rate for future Pfizer projects until 2020. In return for this IDT gains access to and ownership of a fully commissioned and validated state of the art 4000L API manufacturing facility, tablet facility, sterile finished product facility and analytical laboratory.

IDT Chairman Dr Graeme Blackman commented: "We are delighted that we have finalised the issue of control and ownership of this plant and equipment, as it significantly adds to IDT's facility capabilities. The discounted fee and royalty structure offered to Pfizer will strengthen the opportunities for IDT to continue to work with the largest pharmaceutical company in the world."

In recognition of the significant asset that is being transferred to IDT, the Board has commissioned management and external consultants to consider a valuation based on replacement cost for the current resources available to the company. This valuation includes the company's land & buildings, facilities (including transferred Pfizer plant), process documentation and quality systems. Based on this internally managed valuation exercise, a replacement valuation of approximately \$70 million, equating to an equivalent value of each IDT share of approximately to \$1.65, was obtained. This valuation reflects the Board's view that IDT is an organisation with outstanding assets, world class quality systems and highly talented and experienced people.

As described in previous announcements, IDT is currently continuing to experience difficult trading conditions. Based on current forecasts IDT expects a pre tax loss of between \$2 million and \$3 million for the underlying business for the full year to 30 June 2010. The directors wish to emphasise that this full year underlying business forecast does not incorporate any potential adjustment arising from the Pfizer asset transfer. The transfer of the Pfizer plant and equipment requires the company to value the assets based on their capacity to deliver future earnings.

Accordingly a discounted cashflow of future expected earnings from the utilisation of this plant and equipment has been carried out. This calculation gives a valuation range of \$3-3.5 million for the transferred plant. It is expected that, once confirmed by IDT's auditors, this valuation will be recognised as a profit through the profit and loss statement for the current financial year resulting in IDT reporting a profit for 2009/2010.

Management has been focusing throughout the year on a number of cost cutting measures to reflect the current level of business activities. These measures have included review of all key supplier relationships and disbursement allocations, reductions in staff numbers, utilisation of leave entitlements and reduction of directors' fees. The benefits of these measures will be realized in the next financial year after the costs have been borne in the current financial year.

The Board is progressing with plans for the company to develop proprietary rights in products to give the company a solid base for the future earnings of the company beyond our traditional outsourcing business model. With these measures and an improving outlook the Board has expectations that the underlying earnings for the company will return to a profit position in the next financial year.

Company Background

IDT Australia Limited (IDT: www.idtaus.com.au) is a leading developer and manufacturer of active pharmaceutical ingredients (APIs) and finished products for local and international markets. The company also provides a comprehensive range of consultancy, research and development, and analytical services to the pharmaceutical and biotechnology sectors.

Established in 1975, IDT is an Australian-owned public company, listed on the Australian Stock Exchange and employing over 100 highly qualified scientific and support staff. The company has extensive modern manufacturing facilities and laboratories in Melbourne and is licensed by the Australian Therapeutic Goods Administration (TGA) and the United States Food and Drug Administration (FDA) for the production of pharmaceutical products. The company has become especially well known internationally for its dedicated facilities for the development and production of anticancer drugs. In addition, the company offers early stage clinical trial services from its base at the Royal Adelaide Hospital through its CMAX division (www.cmax.com.au).

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