

IDT AUSTRALIA LIMITED
ACN 006 522 970



**HALF YEAR REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2020**

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DIRECTORS' REPORT

The Directors of IDT Australia Limited ("IDT") submit herewith the financial report of the Company for the half year ended 31 December 2020. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors

The Directors of the Company during or since the end of the half year are:

Alan Fisher, Non-Executive Chair Hugh Burrill, Non-Executive Director
Michael Kotsanis, Non-Executive Director Mary Sontrop, Non-Executive Director

Principal Activities

The principal activities of the Company are the manufacture and supply of products and provision of research and development and other technical services for the pharmaceutical industry.

Review of Operations

Cash at 31 December 2020 was \$7.32 million (30 June 2020 \$6.86 million) and net cash inflow for the half year ended 31 December 2020 was \$0.46 million, compared to net cash outflow of \$2.78 million for the half year ended 31 December 2019. Cash inflows for the current period mainly consisted of receipts of \$6.83 million compared to \$4.73 million for the half year ended 31 December 2019.

Revenue for the half year ended 31 December 2020 was \$5.81 million, compared to \$7.21 million for the half year ended 31 December 2019. The Company's profit after tax for the half year ended 31 December 2020 was \$1.12 million, compared to a loss after tax of \$1.18 million for the same half in 2019. The 2020 result included an adjustment of \$1.90 million relating to an accrual reversal. Excluding the accrual reversal, the loss for the half-year was \$0.78 million, representing a \$0.41 million improvement over the previous half in 2019.

The Company's continued focus on cost containment has resulted in total operating expenses being \$0.82 million lower than the previous 2019 half year (excluding adjustments).

Major highlights during the half year include:

- **COVID-19 Treatments, Vaccines and Sovereign Manufacturing**

During the reporting period IDT continued to operate as an essential service throughout the Victorian lockdowns. The Company's activities assisting the Federal Government in its initial COVID-19 response efforts announced in April 2020 were successfully completed in the half year ended 31 December 2020.

In August 2020, IDT made a formal submission to the Federal Government's COVID-19 Vaccine and Treatment Manufacture and Supply Chain Request For Information (RFI). IDT's RFI submission put forward the Company's current and potential facilities and capabilities in relation to the possible manufacture and supply of COVID-19 treatments and vaccines. IDT's COVID-19 treatment manufacturing capabilities include our ability to manufacture Active Pharmaceutical Ingredients (APIs) as well as finished dosage forms. The Company's sterile manufacturing suite was also showcased in IDT's RFI submission as being potentially capable of producing COVID-19 vaccines. Discussions with various parties are continuing.

Throughout the COVID-19 crisis, IDT has made several public submissions to the Australian Government to highlight the sovereign importance of increased local manufacturing of essential medicines. In December 2020, the Federal Government's Joint Standing Committee "Inquiry into the implications of the COVID-19 pandemic for Australia's foreign affairs, defence and trade", released its final report. The Government's report contained sixteen recommendations which included: The need to define which critical national systems are essential for Australia to function as a secure and prosperous first world nation, identifying those elements of the critical national systems with potential foreign supply chain dependencies and the use of Government procurement to build and sustain sovereign capacity



and to develop plans to move from “at risk” supply chains for critical national systems to sovereign Australian suppliers.

The Company’s efforts to build momentum for re-shoring the manufacturing of Australia’s essential medicines have also continued behind the scenes with workshops and industry groups. In late December 2020, the final report from the Institute for Integrated Economic Research Australia (IIER) regarding Australia’s pharmaceutical supply chain resilience was released. The report highlighted Australia’s inadequacies and lack of resilience in its healthcare systems, and the need to move away from a “just in time” market philosophy where Australia now imports over 90% of its medicines.

- **Medicinal Cannabis**

During the half year ended 31 December 2020, IDT has made good progress in advancing its Medicinal Cannabis Manufacturing Plan. The Company’s extraction and purification activities are producing a range of cGMP medicinal cannabis resins and further refined APIs. IDT is also producing a range of cGMP finished dose form medicinal cannabis products which are suitable for both domestic and export markets. In response to the Therapeutic Goods Administration’s decision to down-schedule low-dose Cannabidiol, IDT has developed a Schedule 3 compliant low dose Cannabidiol product which will support a future product launch of an over the counter (pharmacy) CBP product. IDT is building a pipeline of medicinal cannabis APIs and additional finished dosage forms which are under assessment. The Company’s stated goal is to continue establishing itself as a centre of excellence for GMP medicinal cannabis product manufacturing for a range of active pharmaceutical ingredients and finished dosage forms.

Matters Subsequent to the End of the Financial Half Year

There are no matters or circumstances occurring subsequent to the end of the half year that have significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs in future financial periods.

Future Developments

At the date of this report, there are no likely developments in the operations of this Company required to be reported in accordance with sub-section 299(1)(e) of the *Corporations Act 2001*.

Auditor’s Independence Declaration

A copy of the auditor’s independence declaration as required under Section 307C of the *Corporations Act 2001*, is set out on page 4.

Rounding of Amounts

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financials / Directors’ Reports) Instrument 2016/191*, dated 24 March 2016, and accordingly the amounts in the Directors’ Report and the Half Year Financial Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the Directors made pursuant to s306(3) of the *Corporations Act 2001*.

On behalf of the Directors

Alan Fisher
Chair
23 February 2021

23 February 2021

The Board of Directors
IDT Australia Limited
45 Wadhurst Drive
Boronia VIC 3155

Dear Board Members

IDT Australia Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of IDT Australia Limited.

As lead audit partner for the review of the financial statements of IDT Australia Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Belinda Abbott
Partner
Chartered Accountants

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Independent Auditor's Review Report to the members of IDT Australia Limited

Conclusion

We have reviewed the half-year financial report of IDT Australia Limited ("the Company"), which comprises the condensed statement of financial position as at 31 December 2020, the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on page 7.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of IDT Australia Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Half-year Financial Report section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



DELOITTE TOUCHE TOHMATSU



Belinda Abbott

Partner

Chartered Accountants

Melbourne, 23 February 2021

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DIRECTORS' DECLARATION

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the Company's financial position and performance.

Signed in accordance with a resolution of the Directors made pursuant to s303(5) of the *Corporations Act 2001*.

On behalf of the Directors,

Alan Fisher
Chair
23 February 2021

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**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

	Note	Half Year ended 31 December	
		2020 \$ 000	2019 \$ 000
Revenue	2	5,782	7,159
Interest received	3	23	54
Raw materials		683	768
Employee benefits expense		3,314	3,363
Depreciation and amortisation expenses		845	1,155
Impairment of intangible assets	4	-	736
Other operating expenses	5	(119)	2,464
Profit/(Loss) for the period before income tax		1,082	(1,273)
Income tax benefit		42	90
Profit/(Loss) for the period		1,124	(1,183)
Other comprehensive income		-	-
Total comprehensive profit/(loss) for the period		1,124	(1,183)
Earnings per share		Cents	Cents
Basic profit per share		0.5¢	(0.5¢)
Diluted profit per share		0.5¢	(0.5¢)

The above condensed statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



IDT AUSTRALIA LIMITED (ACN 006 522 970)

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	31 December 2020 \$ 000	30 June 2020 \$ 000
Current assets			
Cash and cash equivalents		7,321	6,860
Trade and other receivables		3,108	5,437
Contract assets		329	32
Current tax asset		81	40
Inventories		758	444
Total current assets		11,597	12,813
Non-current assets			
Property, plant and equipment		15,191	15,526
Intangible assets	4	227	248
Total non-current assets		15,418	15,774
Total assets		27,015	28,587
Current liabilities			
Trade and other payables		1,272	4,282
Borrowings		-	5
Unearned revenue		-	39
Provisions		697	626
Total current liabilities		1,969	4,952
Non-current liabilities			
Provisions		421	337
Total non-current liabilities		421	337
Total liabilities		2,390	5,289
Net assets		24,625	23,298
Equity			
Contributed Equity	6	51,189	51,189
Reserves		5,955	5,752
Accumulated losses		(32,519)	(33,643)
Total equity		24,625	23,298

The above condensed statement of financial position should be read in conjunction with the accompanying notes.



**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

	Contributed Capital \$ 000	Asset Revaluation Reserve \$ 000	Share based Payment Reserve \$ 000	Accumulated Losses \$ 000	Total Equity \$ 000
Balance at 1 July 2019	51,189	2,163	3,382	(31,724)	25,010
Loss for the period	-	-	-	(1,183)	(1,183)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(1,183)	(1,183)
Share based payments expense	-	-	-	-	-
Balance at 31 December 2019	51,189	2,163	3,382	(32,907)	23,827
Balance at 1 July 2020	51,189	2,163	3,589	(33,643)	23,298
Profit for the period	-	-	-	1,124	1,124
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,124	1,124
Proceeds repayment limited recourse loans	-	-	202	-	202
Share based payments expense	-	-	-	-	-
Balance at 31 December 2020	51,189	2,163	3,791	(32,519)	24,624

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes.



**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

	Note	Half Year ended	
		December 2020 \$ 000	December 2019 \$ 000
Cash flows from operating activities			
Receipts from customers	2	6,826	4,729
Payments to suppliers and employees		(6,101)	(7,417)
Net cash provided/(used) in operating activities		725	(2,688)
Cash flows from investing activities			
Interest received		23	54
Payments for property, plant & equipment		(489)	(145)
Net cash provided/ (used) in investing activities		(466)	(91)
Cash flows from financing activities			
Repayment of borrowings		-	(2)
Proceeds repayment limited recourse loans		202	-
Net cash provided/ (used) in financing activities		202	(2)
Net increase/(decrease) in cash held		461	(2,781)
Cash at the beginning of the reporting period		6,860	9,497
Cash and cash equivalents at the end of the period		7,321	6,716

*The above condensed statement of cash flows should
be read in conjunction with the accompanying notes.*



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The half year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report and considered together with any public announcements made during the half year ended 31 December 2020 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financials / Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and accordingly amounts in the Directors' Report and the Half Year Financial Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the Half Year Financial Report are consistent with those adopted and disclosed in the Company's Annual Report for the financial year ended 30 June 2020. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Change in accounting policy

All new and revised Standards and Interpretations issued by the AASB that are relevant to the Company's operations and are effective for the current accounting period have been adopted.

There have been no other significant changes in accounting policy during the reporting period.

Going concern basis

As at 31 December 2020, the Company's available cash was \$7.32 million with a further \$2.50 million funds available from the undrawn NAB commercial loan and overdraft facilities. These facilities are scheduled for renewal in July 2021.

Having considered forward forecasts, including cashflow forecasts, the Directors believe the Company will continue to operate as a going concern and therefore it is appropriate for these financial statements to be prepared on a going concern basis, contemplating continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

2. REVENUE

Included in Revenue and Cash receipts are JobKeeper receipts of \$871,050 for the half-year ended 31 December 2020.

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	31 December 2020 \$ 000	31 December 2019 \$ 000
3. INTEREST REVENUE AND EXPENSE		
Profit/(Loss) from the period before income tax is arrived at after:		
a. crediting interest as revenue	23	54
b. charging interest as an expense	-	-
4. INTANGIBLE ASSETS		
Opening balance, 1 July	249	1,106
Additions during the period	2	-
Amortisation expense	(24)	(102)
Impairment during the period	-	(736)
Closing balance, 31 December	<u>227</u>	<u>268</u>
5. OTHER OPERATING EXPENSES		
Operating Expenses include an adjustment of \$1.90 million relating to an accrual reversal.		
	Shares	\$ 000
6. CONTRIBUTED EQUITY		
Opening balance 1 July 2019	236,359,103	51,189
Employee share plan	3,345,000	-
Forfeited employee shares	(391,071)	-
Closing balance 30 June 2020	<u>239,313,032</u>	<u>51,189</u>
Opening balance 1 July 2020	239,313,032	51,189
Forfeited employee shares	(988,368)	-
Closing balance 31 December 2020	<u>238,324,664</u>	<u>51,189</u>
	31 December 2020 \$ 000	30 June 2019 \$ 000
7. DIVIDEND PAYABLE		
Dividends provided for or paid during the half year	-	-



8. KEY MANAGEMENT PERSONNEL

Remuneration arrangements in relation to Key Management Personnel (KMP) are disclosed in the Company's 2020 Annual Report.

The following table summarises cash bonuses paid to KMP in the reporting period following assessment of performance against individual and company objectives in place for the year ended 30 June 2020.

No shares were issued within the framework of the Employee Share Plan during the period.

Key Management Personnel	Bonus Paid
	\$
D Savaglio, Vice President, People and Change (resigned 31 July20)	12,424
J Susic, Vice President, Operations, Supply and Infrastructure	37,190
D Sparling, CEO	101,644
D Broadhurst, Head of Quality (resigned 31 Dec20)	17,850
Total cash bonuses paid to KMP	169,110

9. FINANCIAL INSTRUMENTS

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements to approximate their fair values.

10. EVENTS OCCURRING AFTER REPORTING DATE

There are no events arising after 31 December 2020 and up to the signing of this report that would likely have a material impact on the financial results presented.

11. CAPITAL COMMITMENTS

The Company has capital commitments totalling \$0.5 million (December 2019: \$0.1 million).

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