NEWS RELEASE

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IDT TO EXPAND FINISHED PRODUCT PRODUCTION CAPABILITY

IDT has experienced a growing enquiry level from companies requiring the development and manufacture of high potency finished pharmaceutical products. As a result, the IDT Board of Directors has approved the construction and fit-out of new high potency manufacturing facilities for the manufacture of both capsules and sterile vials.

"The proposed new facilities will complement the "state of the art" tablet and capsule containment facilities that IDT has constructed and validated over the last 2 years" commented Dr Graeme Blackman, IDT's Chairman and Managing Director. "Few companies in the world will be able to offer the range of containment facilities and high potency services that we will have available for clients."

The decision to approve the expansion is a result of a strategic review of the business carried out by the IDT Board. Capital expenditure for the program will be approximately $7 million which is expected to be funded out of a combination of retained earnings and debt. The first facilities will be completed within twelve months, with expected revenue and profit contributions to commence in the 2006-2007 financial year. "The new facilities will contribute to the anticipated strong double digit growth expected for the company over the next two to three years as detailed in the company's Annual Report this year" said Dr Blackman.

The company's projects in manufacturing, clinical trials and drug development continue to progress according to plan. Over the last 18 months IDT has embarked on a long term growth strategy based on expanding its range of facilities and services to the pharmaceutical industry. As expected, this plan will lead to a significantly lower profit result in the current half compared to the corresponding half in 2004/2005 due to considerable up front set-up, restructuring and development costs.

The benefits of the company's growth strategy will begin to be evident during 2006 and the Directors expect significant growth in the second half of the current financial year compared to both the current half and the corresponding period for 2005. Due to the positive forecast for the full year, the Directors anticipate that the half year dividend will be held at least at the previous level.

Company Background

Institute of Drug Technology Australia Limited (IDT: www.idtaus.com.au) is a leading developer and manufacturer of active pharmaceutical ingredients 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 140 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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