

Appendix 4D

Half Year Ended 31 December 2012

1. Name of entity

SUDA LTD AND CONTROLLED ENTITIES

ABN

35 090 987 250

Half year ended ('current period')

31 December 2012

Revenue / Profit		Movement	Change (%)	31 Dec 12 \$'000	31 Dec 11 \$'000
2.1	Revenues from ordinary activities	Up	13.8	2,097	1,842
2.2	Loss from ordinary activities after tax attributable to members	Down	49.6	966	1,918
2.3	Net loss for the period attributable to members	Down	49.6	966	1,918
2.4	Dividends			Amount per security	Franked amount per security
	Interim dividend			0.0c	N/a
	Dividend previous corresponding period			0.0c	N/a
2.5	Record date for determining entitlements to the dividend.			N/a	N/a
2.6	Brief explanation of any of the figures reported above (2.1 – 2.4):				

The revenue of the Group relates to Suda Ltd's subsidiary company, Westcoast Surgical & Medical Supplies, which has increased sales by 13.8% on same period last year with a corresponding increase in raw materials and consumables used.

Earnings per Share	31 December 2012	31 December 2011
Basic earnings per share	(\$0.00)	(\$0.00)
Diluted earnings per share	(\$0.00)	(\$0.00)
Number of shares	608,504,736	594,394,120
Net Tangible Assets	(\$1,211,450)	\$1,512,254
Net tangible assets per share	\$0.00	\$0.00

Compliance statement

1. An interim report for the half year ended 31 December 2012 is provided with the Appendix 4D information.
2. The interim report and the accounts, upon which this report is based, have been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus.
3. This report, and the accounts upon which the report is based, use the same accounting policies.
4. This report gives a true and fair picture of the matters disclosed.
5. This report is based on ⁺accounts to which one of the following applies.

<input type="checkbox"/> The ⁺ accounts have been audited.	<input checked="" type="checkbox"/> The ⁺ accounts have been subject to review.
<input type="checkbox"/> The ⁺ accounts are in the process of being audited or subject to review.	<input type="checkbox"/> The ⁺ accounts have <i>not</i> yet been audited or reviewed.
6. If the audit report or review by the auditor is not attached, details of any qualifications will follow immediately they are available.
7. The entity does have a formally constituted audit committee.



.....
Stephen Carter
Director

Date: 27 February 2013



AND CONTROLLED ENTITIES
(FORMERLY EASTLAND MEDICAL SYSTEMS LTD)

(ABN 35 090 987 250)

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2012

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CORPORATE DIRECTORY

Directors	Mr Stephen Carter Mr Michael Stewart Mr Joseph Ohayon (appointed 1 Dec 2012)	Executive Chairman Non-Executive Director Executive Director
Company Secretary	Mr Joseph Ohayon	
Registered Office	Suda Ltd ABN 35 090 987 250 Suite 29, 25 Walters Drive Osborne Park WA 6017 Telephone Facsimile Email Website	PO Box 1719 Osborne Park BC, WA 6916 (08) 6142 5555 (08) 9446 4895 suda@sudaltd.com.au www.sudaltd.com.au
Share Registry	Advanced Share Registry Services 150 Stirling Highway Nedlands WA 6009 Telephone Facsimile	PO Box 1156 Nedlands WA 6909 (08) 9389 8033 (08) 9389 7871
Auditors	HLB Mann Judd (WA Partnership) Level 4, 130 Stirling Street PERTH WA 6000 Telephone Facsimile	(08) 9227 7500 (08) 9227 7533
Bankers	Westpac Banking Corporation Corporate Banking 109 St Georges Terrace PERTH WA 6000	
Home Stock Exchange	Australian Securities Exchange Exchange Plaza 2 The Esplanade Perth WA 6000 Listing codes: Ordinary Shares	 SUD

DIRECTORS' REPORT

Your Directors present their report on Suda Ltd (formerly Eastland Medical Systems Ltd) and its controlled entities for the half year ended 31 December 2012.

Directors

The names & details of the Company's Directors in office during the half year and at the date of this report are as follows.

Mr Stephen Carter	Executive Chairman	
Mr Michael Stewart	Non-Executive Director	
Mr Joseph Ohayon	Executive Director	(appointed 1 December 2012)
Mr Peter Jooste QC	Chairman	(resigned 30 November 2012)

Review and results of operations

The revenue for the period was \$2,096,538 (Dec 2011: \$1,841,683) of which \$2,086,596 (Dec 2011: \$1,770,804) related to the subsidiary company Westcoast Surgical and Medical Supplies Pty Ltd (Westcoast).

The loss of the Group amounted to \$966,227 (Dec 2011: \$1,917,625).

Some of the highlights during the period included:

i. Capital Raising

In December 2012, Suda Ltd entered into a \$7,600,000 funding agreement with Bergen Global Opportunity Fund, LP, managed by Bergen Asset Management, LLC. Suda Ltd accessed \$700,000 of the facility to provide working capital in December 2012.

The funding facility comprises of a Convertible Security of \$600,000 and monthly tranches over 2 years of between \$100,000 – 300,000.

ii. ArTiMist™ update

In September 2012, the ART004 Clinical Field Trials were completed. Upon completion of the field trials there was an ongoing process of monitoring patients for a minimum of 28 days before the trial could be closed.

iii. Change of name and Board

The Company changed its name from Eastland Medical Systems Ltd to Suda Ltd following the Annual General Meeting held on 30 November 2012.

Mr Peter Jooste QC resigned as Chairman and Director, Mr Stephen Carter took over the role as Chairman and Mr Joseph Ohayon, the CFO for Suda Ltd, joined the Board.

iv. Asset acquisition

In December 2012, the Company announced that it had signed an option to acquire NovaMist™, an oro-mucosal platform technology from US drug company NovaDel Pharma Inc. The acquisition would provide a product pipeline for SUDA, with 79 patents issued worldwide and over 90 patents pending around the globe.

Directors Report (Continued)

After balance date events

ArTiMist™

On 4 February 2013, the Company announced that it had received confirmation from its UK-based consultants, ProtoPharma, that there was a slight delay in finalising the report following the completion of the ART004 Clinical Field Trials. The report is now expected in April 2013.

Asset Acquisition

On 27 February 2013, the Company confirmed its intention to proceed with the acquisition of intellectual property and product pipeline from NovaDel Parma Inc.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 16 and forms part of the Directors' Report for the half year ended 31 December 2012.

Signed in accordance with a resolution of the Board of Directors.



.....
S.J. Carter
Executive Chairman

Dated at Perth this 27th February 2013

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 31 December 2012

	Note	Group	
		31 Dec 2012	31 Dec 2011
		\$	\$
Revenues		2,096,538	1,841,683
Other revenues		-	1,344
Impairment losses		-	(883,080)
Raw materials and consumables used		(1,722,082)	(1,511,521)
Employee benefits expense		(584,110)	(727,593)
Depreciation and amortisation expense		(15,110)	(36,076)
Finance costs		(34,563)	(32,453)
Other expenses		(706,900)	(569,929)
Loss before income tax	2	(966,227)	(1,917,625)
Income tax expense		-	-
Net loss for the period		(966,227)	(1,917,625)
Other comprehensive income		-	-
Total comprehensive loss for the period		(966,227)	(1,917,625)
Earnings per share			
Basic loss per share (cents)		(0.16)	(0.32)

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2012

		Group	
	Note	31 Dec 2012	30 Jun 2012
		\$	\$
CURRENT ASSETS			
Cash & cash equivalents		1,066,787	1,590,003
Trade & other receivables		339,490	671,303
Inventories		638,833	715,947
Other assets		381,623	77,152
TOTAL CURRENT ASSETS		2,426,733	3,054,405
NON-CURRENT ASSETS			
Trade & other receivables		200,000	-
Property, plant and equipment		92,317	60,170
Intangible assets	3	7,438,381	6,640,001
TOTAL NON-CURRENT ASSETS		7,730,698	6,700,171
TOTAL ASSETS		10,157,431	9,754,576
CURRENT LIABILITIES			
Trade & other payables		2,568,427	2,004,232
Borrowings		-	701,000
Short-term provisions		37,073	37,311
TOTAL CURRENT LIABILITIES		2,605,500	2,742,543
NON-CURRENT LIABILITIES			
Borrowings		1,325,000	-
TOTAL NON-CURRENT LIABILITIES		1,325,000	-
TOTAL LIABILITIES		3,930,500	2,742,543
NET ASSETS		6,226,931	7,012,033
EQUITY			
Issued capital	6	38,964,246	38,857,967
Reserves		1,338,467	1,263,621
Accumulated losses		(34,075,782)	(33,109,555)
TOTAL EQUITY		6,226,931	7,012,033

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half year ended 31 December 2012

	Share Capital	Accumulated Losses	Share Redemption Reserve	Option Reserve	Total
	\$	\$	\$	\$	\$
Balance as at 1 July 2011	38,620,980	(28,672,532)	3,622	1,080,165	11,032,235
Shares issued during the half year	267,482	-	-	-	267,482
Transaction costs	(32,000)	-	-	179,834	147,834
Comprehensive loss for the period	-	(1,917,625)	-	-	(1,917,625)
Balance as at 31 December 2011	38,856,462	(30,590,157)	3,622	1,259,999	9,529,926
Balance as at 1 July 2012	38,857,967	(33,109,555)	3,622	1,259,999	7,012,033
Shares issued during the half year	344,415	-	-	-	344,415
Transaction costs	(238,136)	-	-	74,846	(163,290)
Comprehensive loss for the period	-	(966,227)	-	-	(966,227)
Balance as at 31 December 2012	38,964,246	(34,075,782)	3,622	1,334,845	6,226,931

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 31 December 2012

	Group	
	31 Dec 2012	31 Dec 2011
	\$	\$
CASH FLOWS FROM OPERATIONS		
Receipts from customers	2,132,255	1,842,421
Payments to suppliers	(3,072,986)	(2,923,071)
Receipts for R&D tax concession	148,633	-
Interest received	9,941	59,978
Interest paid	(22,066)	(28,719)
Net cash used in operations	(804,223)	(1,049,391)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for development of products	(148,060)	-
Payment for property, plant & equipment	(47,257)	(5,347)
Payments to bank for security	(200,000)	-
Proceeds from sale of assets	-	6,991
Net cash (used in) / provided by investing activities	(395,317)	1,644
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(392,000)	(498,840)
Proceeds from loans	968,000	-
Proceeds from share issue	100,324	227,484
Net cash provided by / (used in) financing activities	676,324	(271,356)
Net increase / (decrease) in cash held	(523,216)	(1,319,103)
Cash at the beginning of period	1,590,003	3,560,542
Cash at the end of period	1,066,787	2,241,439

The accompanying notes form part of these financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2012

NOTE 1: SUMMARY OF ACCOUNTING POLICIES

(a) Statement of compliance

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable Australian Accounting Standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with AASB 134 ensures compliance with IAS 34 Interim Financial Reporting.

This condensed half-year report is intended to provide users with an update on the latest annual financial statements of Suda Limited and its controlled entities (the Group). As such, it does not contain full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2012 and any public announcements made by Suda Ltd and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules

(b) Basis of Preparation

The half year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

(c) Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2012, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2012. It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2012. As a result of this review, the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company and, therefore, no change is necessary to Group accounting policies.

(d) Key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2012.

(e) Going Concern

Notwithstanding that the Group has reported a net loss for the period of \$966,227 and a cash outflow from operating activities of \$804,223, the Directors are of the opinion that the Company is a going concern for the following reasons:

i) The Company secured a \$7.6m facility in December 2012 with Bergen Global Opportunity Fund, LP ("Bergen") which allows the Company to drawdown between \$100,000 and \$300,000 per month over the next 23 months. The amount drawn down to 31 December 2012 was \$100,000 as part of this \$7.6m facility. Suda Ltd issued \$600,000 in a Convertible Security to Bergen in December 2012. The convertible security has an expiry date of 6 June 2015, is interest free and may be repayable by the issue of shares.

ii) Current assets exceed current liabilities following the issue of new convertible notes to replace the convertible notes that expired on 30 June 2012. The new convertible notes have an expiry date of 30 June 2014 and an interest rate of 8%.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2012

NOTE 2: LOSS FROM ORDINARY ACTIVITIES

The following expense items are relevant in explaining the financial performance for the interim period:

Expenses

	31 Dec 2012	31 Dec 2011
	\$	\$
Impairment losses	-	883,080
Depreciation and amortisation expense	15,110	36,076
Borrowing cost expense	34,563	32,453
Legal expenses	146,094	62,918

NOTE 3: INTANGIBLE ASSETS

Goodwill

	31 Dec 2012	30 June 2012
	\$	\$
Cost	1,556,042	1,556,042
Accumulated impairment losses	(1,556,042)	(1,556,042)
Net carrying value	-	-

Trademarks and licences

	31 Dec 2012	30 June 2012
	\$	\$
Cost	1,775,254	1,766,1633
Accumulated amortisation and impairment	(1,766,163)	(1,766,163)
Net carrying value	9,091	-

Development Costs

	31 Dec 2012	30 June 2012
	\$	\$
Cost	8,032,637	7,243,348
Accumulated amortisation and impairment	(603,347)	(603,347)
Net carrying value	7,429,290	6,640,001

Total Intangible Assets

	31 Dec 2012	30 June 2012
	\$	\$
	7,438,381	6,640,001

NOTE 4: FINANCE FACILITY

On 10th December 2012, the Company secured a \$7,600,000 facility as follows:

	31 Dec 2012	30 June 2012
	\$	\$
Convertible Security	600,000	-
Equity line of credit	7,000,000	-
	7,600,000	-
Amount used as at 31 December 2012	700,000	-
Facility available	6,900,000	-

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2012

NOTE 5: DIVIDENDS

The Board of Directors of Suda Ltd does not recommend the payment of an interim dividend for the period ended 31 December 2012.

NOTE 6: ISSUED CAPITAL

(a) Ordinary Shares

Issued and fully paid

31 Dec 2012	30 June 2012
\$	\$
38,964,246	38,857,967

Movements for the 6 months
ended 31 Dec 2012

At beginning of reporting period

Number	\$
594,394,120	38,857,967

Shares issued during the period:

– options exercised

3,474	174
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– conversion of convertible notes

1,750,000	35,000
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– acquisition of intellectual property

357,142	9,241
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– finance facility

12,000,000	300,000
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– less share issue costs

-	(238,136)
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608,504,736	38,964,246
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(b) Listed Options

SUDOA (EMSOA)

At beginning of reporting period

6 months to 31 Dec 2012 Number	Year ended 30 June 2012 Number
53,496,864	-

– options issued during the period

-	53,496,864
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– options exercised and shares issued

(3,474)	-
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– options exercised and shares issued subsequent to period end

(13,648)	-
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– options expired during the period

(53,479,742)	-
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Balance at the end of the period

-	53,496,864
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(c) Unlisted Options

At beginning of reporting period

22,500,000	-
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– options issued during the period

37,900,000	22,500,000
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Balance at the end of the period

60,400,000	22,500,000
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NOTE 7: RELATED PARTY TRANSACTIONS

Transactions with related parties

Key Management Personnel

Mr Michael Stewart – consulting retainer

31 Dec 2012	30 June 2012
\$	\$

-	10,600
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Mr Michael Stewart – interest paid on convertible notes

6,000	12,000
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Mr Michael Stewart – Convertible Notes (2009) repaid July 2012

200,000	200,000
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Mr Michael Stewart – Convertible Notes (2012) received (i)

(150,000)	-
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(i) The Convertible Note (2012) for \$150,000 was approved at the AGM held 30 November 2012.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2012

NOTE 8: SEGMENT INFORMATION

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of Directors (chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings since the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are, therefore, determined on the same basis.

Types of products and services by segment

(a) Suda

Suda is a pharmaceutical development segment and performs research and development to create new human pharmaceutical products by combining proven drugs with innovative patented delivery technologies. ArTiMist™ malaria treatment is currently finalising Phase 3 trials.

(b) Westcoast

Westcoast Surgical and Medical Supplies Ltd is a sales and logistics segment for medical devices and consumables.

(i) **Segment Performance**

6 months ended 31 December 2012

Primary reporting: Business Segments:

	Suda \$	Westcoast \$	All other segments \$	Total \$
REVENUE				
External sales	-	2,086,596	-	2,086,596
Inter-segment sales	4,064	-	-	4,064
Interest revenue	9,942	-	-	9,942
Total segment revenue	14,006	2,086,596	-	2,100,602
<i>Reconciliation of segment revenue to group revenue</i>				
<i>Less: inter-segment sales</i>				<u>(4,064)</u>
Total group revenue				<u>2,096,538</u>
 Segment net profit/(loss) before tax	 (745,253)	 (171,302)		 (916,555)
<i>Reconciliation of segment result to group net profit/loss before tax</i>				
i. Amounts not included in segment result but reviewed by Board				
— Depreciation and amortisation	(7,273)	(7,837)	-	(15,110)
ii. Unallocated items				
— Finance costs				<u>(34,562)</u>
Net loss before tax from continuing operations				<u>(966,227)</u>

SUDA LTD AND CONTROLLED ENTITIES
(ABN 35 090 987 250)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2012

6 months ended 31 December 2011

Primary reporting: Business Segments:

	Suda	Westcoast	All other segments	Total
	\$	\$	\$	\$
REVENUE				
External sales	-	1,770,804	-	1,770,804
Interest revenue	70,880	-	-	70,880
Total segment revenue	70,880	1,770,804	-	1,841,683
<i>Reconciliation of segment revenue to group revenue</i>				
Inter segment elimination				-
Total group revenue				1,841,683
Segment net loss before tax	(716,898)	(222,583)	-	(939,482)
<i>Reconciliation of segment result to group net profit/loss before tax</i>				
i. Amounts not included in segment result but reviewed by Board				
— Depreciation and amortisation	(26,482)	(9,594)	-	(36,076)
— Impairment of property, plant and equipment	(883,080)	-	-	(883,080)
ii. Unallocated items				
— Finance costs				(32,453)
— Other				(26,534)
Net loss before tax from continuing operations				(1,917,625)

(ii) Segment assets

as at 31 December 2012

Primary reporting: Business Segments:

	Suda	Westcoast	All other segments	Total
	\$	\$	\$	\$
Segment assets	9,965,135	1,141,007	-	11,106,142
<i>Reconciliation of segment assets to group assets</i>				
Intersegment eliminations				(948,711)
Total group assets				10,157,431
Segment asset increases for the period:				
— capital expenditure	841,481	4,156	-	845,637

as at 30 June 2012

Primary reporting: Business Segments:

	Suda	Westcoast	All other segments	Total
	\$	\$	\$	\$
Segment assets	9,367,527	1,287,265	-	10,654,792
<i>Reconciliation of segment assets to group assets</i>				
Intersegment eliminations				(900,216)
Total group assets				9,754,576
Segment asset increases for the period:				
— capital expenditure	6,658	8,922	-	15,580

SUDA LTD AND CONTROLLED ENTITIES
(ABN 35 090 987 250)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2012

(iii) Segment liabilities

as at 31 December 2012

Primary reporting: Business Segments:

	Suda	Westcoast	All other segments	Total
	\$	\$	\$	\$
Segment liabilities	3,364,544	1,514,667	-	4,879,211
<i>Reconciliation of segment liabilities to group liabilities</i>				
Intersegment eliminations				(948,711)
Unallocated liabilities:				
— other liabilities				
Total group liabilities				<u>3,930,500</u>

as at 30 June 2012

Primary reporting: Business Segments:

	Suda	Westcoast	All other segments	Total
	\$	\$	\$	\$
Segment liabilities	1,422,292	1,479,467	40,000	2,941,759
<i>Reconciliation of segment liabilities to group liabilities</i>				
Intersegment eliminations				(900,216)
Unallocated liabilities:				
— Other financial liabilities				701,000
Total group liabilities				<u>2,742,543</u>

(iv) Revenue by geographical region

Revenue attributable to external customers is disclosed below, based on the location of the external customer:

	6 months ended 31 Dec 12	6 months ended 31 Dec 11
	\$	\$
Australia	2,096,538	1,841,683
Total revenue	<u>2,096,538</u>	<u>1,841,683</u>

(v) Assets by geographical region

The location of segment assets by geographical location of the assets is disclosed below:

	Balance 31 Dec 12	Balance 30 Jun 12
	\$	\$
Australia	10,157,431	9,754,576
Total Assets	<u>10,157,431</u>	<u>9,754,576</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2012

NOTE 9: CONTINGENT LIABILITIES

Employee disputes

An action in the District Court between a former Director and the Company in relation to past employment. The matter failed to settle at mediation and the hearing date has been set for later this year. The Company has received legal advice that it has a strong case and will defend the action. The outcome of litigation is always uncertain and there is a risk that an outcome adverse to the Company will result in a judgment against the Company for damages, interest and costs.

An action in the Supreme Court between a former Director and the Company in relation to ownership of intellectual property. The matter failed to settle at mediation and has been listed for hearing later this year. The Company has received legal advice that it has a strong case and will defend the action. The outcome of litigation is always uncertain and there is a risk that an outcome adverse to the Company will result in a judgment against the Company for damages, interest and costs.

NOTE 10: EVENTS SUBSEQUENT TO REPORTING DATE

1. Subsidiary company de-registered

A dormant subsidiary of the Company, Medical Industries Australia Pty Ltd, was de-registered on 2 January 2013.

2. Acquisition

On 27 February 2013, the Company confirmed its intention to proceed with the acquisition of intellectual property and product pipeline from NovaDel Parma Inc.

DIRECTORS' DECLARATION

The Directors of Suda Ltd declare that:

1. the financial statements and notes, as set out on pages 4 to 14 of the consolidated group are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31st December 2012 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



.....
Stephen Carter
Executive Chairman



.....
Joseph Ohayon
Director

Dated at Perth this 27th February 2013

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Suda Limited (formerly Eastland Medical Systems Ltd) for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia
27 February 2013



N G NEILL
Partner

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Suda Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Suda Limited, formerly Eastland Medical Systems Ltd ("the company"), which comprises the condensed statement of financial position as at 31 December 2012, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 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*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the reviewed half-year financial report

This review report relates to the half-year financial report of the consolidated entity for the half-year ended 31 December 2012 included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this website. The review report refers only to the half-year financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the half-year financial report. If users of the half-year financial report are concerned with the inherent risks arising from publication on a website they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information contained in this website version of the half-year financial report.

Conclusion

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 Suda Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 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*.



HLB MANN JUDD
Chartered Accountants



N G NEILL
Partner

Perth, Western Australia
27 February 2013