

Appendix 4D

Half Year Ended 31 December 2016

1. Name of entity

SUDA LTD AND CONTROLLED ENTITIES

ABN

35 090 987 250

Half year ended ('current period')

31 December 2016

Revenue / Profit	Movement	Change (%)	31 Dec 16 \$'000	31 Dec 15 \$'000
2.1 Revenues from ordinary activities	Up	26%	3,557	2,834
2.2 Loss from ordinary activities after tax attributable to members	Down	49%	917	1,811
2.3 Net loss for the period attributable to members	Down	49%	917	1,811
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 key achievements during the half year to 31 December 2016 were:

- SUDA secured its first licencing agreement with Eddingpharm in China for its Zolpimist project. The revenue for the period includes \$390,828 received from Eddingpharm in accordance with the licence agreement.
- Westcoast Surgical and Medical Supplies Pty Ltd continues to increase revenues with a 12% increase compared to the half year to 31 December 2015.

Earnings per Share	31 December 2016	31 December 2015
Basic loss per share (cents)	(0.08)	(0.16)
Diluted loss per share (cents)	(0.08)	(0.16)
Number of shares	1,142,157,631	1,140,584,134
Net Tangible Assets	\$1,235,789	\$2,655,490
Net tangible assets per share (cents)	0.11	0.23

Compliance statement

1. An interim report for the half year ended 31 December 2016 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 2017



AND CONTROLLED ENTITIES

(ABN 35 090 987 250)

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2016**

Index

CORPORATE DIRECTORY	1
DIRECTORS' REPORT.....	2
AUDITOR'S INDEPENDENCE DECLARATION	5
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	6
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	7
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	8
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	9
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	10
NOTE 1: SUMMARY OF ACCOUNTING POLICIES	10
NOTE 2: LOSS FROM ORDINARY ACTIVITIES	11
NOTE 3: INTANGIBLE ASSETS.....	11
NOTE 4: DIVIDENDS	11
NOTE 5: ISSUED CAPITAL	11
NOTE 6: SEGMENT INFORMATION.....	11
NOTE 7: BORROWINGS.....	12
NOTE 8: FINANCIAL INSTRUMENTS.....	12
NOTE 9: CONTINGENT LIABILITIES.....	12
NOTE 10: EVENTS SUBSEQUENT TO BALANCE DATE	12
DIRECTORS' DECLARATION	13
INDEPENDENT AUDITOR'S REVIEW REPORT	14

CORPORATE DIRECTORY

Directors	Mr Stephen Carter Mr Michael Stewart Mr Joseph Ohayon	Executive Director Chairman (Non-Executive Director) Executive Director
Company Secretary	Mr Joseph Ohayon	
Registered Office	Suda Ltd ABN 35 090 987 250 Level 1, Unit 12, 55 Howe Street Osborne Park WA 6017 Telephone Facsimile Email Website	PO Box 1719 Osborne Park BC, WA 6916 (08) 6142 5555 (08) 9443 8858 info@sudaltd.com.au www.sudaltd.com.au
Share Registry	Advanced Share Registry Services 110 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 Ltd Exchange Plaza 2 The Esplanade Perth WA 6000 Listing codes: Ordinary Shares	 SUD

DIRECTORS' REPORT

Your Directors present their financial report of Suda Ltd and its controlled entities for the half year ended 31 December 2016. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of the Directors who held office during or since the end of the interim period and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Mr Stephen Carter	Executive Director
Mr Michael Stewart	Chairman (Non Executive)
Mr Joseph Ohayon	Executive Director

Review and results of operations

The revenue for the period was \$3,557,345 up 25% from Dec 2015: \$2,833,765 of which \$3,166,517 (2015: \$2,833,765) related to Suda's subsidiary company Westcoast Surgical and Medical Supplies Pty Ltd (Westcoast) and \$390,828 related to Suda's first licencing agreement.

The loss of the Group amounted to \$916,543 down 50% from Dec 2015: \$1,811,423.

Some of the highlights during the period included:

i. Licence agreement

In November 2016, Suda secured its first licencing agreement with Eddingpharm for Zolpimist in China. The upfront fee was US\$300,000 which was received by the Company in December. Under the terms of the agreement, Suda is entitled to receive a further milestone payment of US\$200,000 following registration of the product in China.

Eddingpharm has assumed responsibility for the development, regulatory and commercialisation activities for Zolpimist in China. Suda will supply the product through its Contract Manufacturing Organisation.

ii. Westcoast Surgical and Medical Supplies Pty Ltd

Westcoast continues to increase revenues with a 11.7% increase on revenues compared to the 6 months to 31 December 2015. Westcoast's net cash flows from operating activities was \$291,817 which was due to increase in revenues, reduction in costs and reduction in inventory levels.

iii. Project update

ZolpiMist™ (zolpidem tartrate) for insomnia

Suda is working with a multi-national contract manufacturer regarding the manufacture of ZolpiMist in an Australian facility. With the prospect of further licensing deals that could lead to registration of ZolpiMist in Asia, Europe, South America and Oceania, the Company could be supplying millions of units from this manufacturing site. The Company is supporting its partner Eddingpharm in China who aim to file a Clinical Trial Application with the Chinese FDA in the next few months.

The Company has also embarked on the initial steps towards registration of ZolpiMist by the Australian Therapeutic Goods Administration (TGA). Suda Ltd's regulatory team is evaluating what additional information may, if any, be required for registration beyond the dossier that was used for US FDA approval.

ArTiMist® (artemether) for paediatric malaria

The Company is progressing towards a submission to the TGA to register ArTiMist as a treatment for severe paediatric malaria. The regulatory dossier, submitted in the form of a Common Technical Document, is a substantial undertaking that involves preparing and submitting more than 1,000 individual files.

The challenges that Suda has faced to complete the dossier relate to the insufficiency of some of the work undertaken by the Company's former collaborators in the UK. Suda gained full control of ArTiMist in 2015 through the acquisition of minority shareholding in Malaria Research Company Pty Ltd owned by UK-based ProtoPharma Ltd and its parent London Pharma Ltd.

DIRECTORS' REPORT (CONTINUED)

SUD-001 (sumatriptan) for migraine headache

Suda received further feedback and clarification from the US FDA in August 2016 regarding the development plan for SUD-001 following a Type C meeting briefing package that was submitted earlier in the year. For registration of SUD-001 in the US, the FDA has accepted the design of the Company's pivotal pharmacokinetic study in adults and has requested that additional clinical studies are conducted in paediatric patients. Suda is in discussions with prospective partners regarding the development of SUD-001 for the US market and also for Europe and other major markets where paediatric studies are not required.

SUD-002 (ondansetron) for nausea & vomiting

The Company has enhanced the stability of its SUD-002 formulation by changing the manufacturing process. The Company is preparing to meet with regulatory agencies, firstly in Europe, to discuss the requirements if any for further studies prior to submitting a marketing application.

SUD-003 (sildenafil) for erectile dysfunction

Suda announced in November 2016 the initial results with its optimised formulation of SUD-003 in *ex-vivo* and *in-vivo* studies. The new-generation formulation uses Suda's novel penetration-enhancing technology based on the use of novel combinations of hydrotropes. The Company filed a provisional patent application on the new technology in November 2016. The data from the studies suggests that the technology may increase the bioavailability of the active drug by up to ten-fold and may also shorten the time to onset of action.

After balance date events

i. HC Berlin Pharma

The Company was notified of a court judgement in relation to an alleged failed in-kind contribution with HC Berlin Pharma (in liquidation) which was in favour of the Receiver. The Receiver had initiated Statement of Claim against Suda for Euro 4 million plus 5% interest from August 2008 as outlined in the announcement of 3 June 2016.

Based on the judgement all the rights to ArTiMist® are unencumbered and owned by Suda.

Suda has initiated an appeal against the judgement and has taken legal advice and believes the judgment contains both errors in fact and in law and accordingly there are reasonable prospects of success upon appeal. Upon lodgement of the appeal the judgement is automatically stayed in Germany and cannot be enforced unless the Receiver places a security equal to the judgement plus 10% (€4.4M) with the courts.

Any registration and subsequent enforcement of the judgment in Australia under the applicable Australian legislation is not possible whilst the judgment is stayed in Germany. It is expected that the matter may not be resolved for a further 3 years.

The Directors are of the opinion, based on legal advice, that the likelihood of enforcement by the Receiver in Australia and subsequent payment by the Company can only be confirmed by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the control of the entity, and hence, has disclosed the matter with HC Berlin Pharma AG (in liquidation) as a contingent liability.

ii. R&D Tax Incentive

The Company received \$855,691 in February 2017 in relation to the Research and Development Tax Incentive for the 2015/16 year.

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 4 and forms part of the Directors' Report for the half year ended 31 December 2016.

DIRECTORS' REPORT (CONTINUED)

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



.....
S.J. Carter
Director

Dated at Perth this 27th February 2017

AUDITOR'S INDEPENDENCE DECLARATION



Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Suda Limited for the half-year ended 31 December 2016, 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.

A handwritten signature in blue ink, appearing to read 'Norman Glue', written over a faint circular stamp.

Perth, Western Australia
27 February 2017

N G Neill
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street Perth WA 6000 | PO Box 8124 Perth BC 6849 | Telephone +61 (08) 9227 7500 | Fax +61 (08) 9227 7533.

Email: hlb@hlbwa.com.au | Website: <http://www.hlb.com.au>

Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of HLB International, a worldwide organisation of accounting firms and business advisers.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the half year ended 31 December 2016

	Note	Group 31 Dec 2016 \$	Group 31 Dec 2015 \$
Revenues		3,557,345	2,833,765
Interest income		20,337	48,169
Other income		-	4,512
Raw materials and consumables used		(2,592,023)	(2,249,952)
Employee benefits expense		(875,167)	(1,004,486)
Depreciation and amortisation expense		(58,525)	(69,042)
Finance costs		(62,301)	(135,463)
Other expenses		(1,018,209)	(1,238,926)
Loss before income tax	2	(1,028,543)	(1,811,423)
Income tax benefit		112,000	-
Loss for the period		(916,543)	(1,811,423)
 Total comprehensive loss for the period		 (916,543)	 (1,811,423)
 Earnings per share			
Basic loss per share (cents)		(0.08)	(0.16)
Diluted loss per share (cents)		(0.08)	(0.16)

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2016

	Note	Group	
		31 Dec 2016	30 Jun 2016
		\$	\$
ASSETS			
Current assets			
Cash & cash equivalents		1,219,834	2,448,771
Trade & other receivables		1,639,249	1,517,120
Inventories		1,167,808	1,132,177
Other assets		234,801	194,930
Total current assets		4,261,692	5,292,998
Non-current assets			
Property, plant and equipment		271,341	271,763
Intangible assets	3	14,471,481	13,950,723
Total non-current assets		14,742,822	14,222,486
Total assets		19,004,514	19,515,484
LIABILITIES			
Current liabilities			
Trade & other payables		1,567,244	1,179,271
Borrowings		1,730,000	1,730,000
Total current liabilities		3,297,244	2,909,271
Total liabilities		3,297,244	2,909,271
Net assets		15,707,270	16,606,213
EQUITY			
Issued capital	5	55,734,542	55,716,942
Reserves		2,108,522	2,108,522
Accumulated losses		(42,135,794)	(41,219,251)
TOTAL EQUITY		15,707,270	16,606,213

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2016

	Issued Capital \$	Accumulated Losses \$	Share-based Payment Reserve \$	Minority Interest Acquisition Reserve \$	Non-controlling Interests \$	Total \$
Balance as at 1 July 2015	55,573,622	(38,932,438)	628,255	-	2,031,148	19,300,587
Shares issued during the half year	131,150	-	-	-	-	131,150
Acquisition of minority shareholding	-	-	-	-	(2,031,148)	(2,031,148)
Recognition of share-based payments expense	-	-	38,000	-	-	38,000
Project development reserve on acquisition of minority shareholding	-	-	-	1,404,267	-	1,404,267
Loss for the period	-	(1,811,423)	-	-	-	(1,811,423)
Balance as at 31 December 2015	55,704,772	(40,743,861)	666,255	1,404,267	-	17,031,433
Balance as at 1 July 2016	55,716,942	(41,219,251)	704,255	1,404,267	-	16,606,213
Shares issued during the half year	17,600	-	-	-	-	17,600
Loss for the period	-	(916,543)	-	-	-	(916,543)
Balance as at 31 December 2016	55,734,542	(42,135,794)	704,255	1,404,267	-	15,707,270

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 31 December 2016

	Group	
	31 Dec 2016	31 Dec 2015
	\$	\$
Cash flows from operating activities		
Receipts from customers	3,482,886	2,861,464
Payments to suppliers and employees	(4,101,953)	(4,108,241)
Interest received	20,337	31,815
Finance costs	(51,348)	(101,420)
Net cash (outflow) from operating operations	(650,078)	(1,316,382)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	-	31,521.51
Payment for development of products	(520,756)	(951,315)
Payment for acquisition of minority interest	-	(647,077)
Payment for property, plant & equipment	(58,103)	(42,083)
Net cash inflow/(outflow) from investing activities	(578,859)	(1,608,953)
Cash flows from financing activities		
Payments for capital raising costs	-	(36,000)
Repayment of borrowings	-	(920,000)
Proceeds from borrowings	-	1,025,000
Net cash inflow/(outflows) from financing activities	-	69,000
Net increase / (decrease) in cash held	(1,228,937)	(2,856,335)
Cash and cash equivalents at the beginning of period	2,448,771	6,251,947
Cash and cash equivalents at the end of period	1,219,834	3,395,612

The accompanying notes form part of these financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2016

NOTE 1: SUMMARY OF ACCOUNTING POLICIES

(a) Statement of compliance

These half-year 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 financial report 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 2016 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. Cost is based on the fair value of the consideration given in exchange for assets. 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.

(c) Accounting policies and methods of computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and International Financial Reporting Standards.

(d) Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2016, 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 2016. 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 Group 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 2016. 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 Group and, therefore, no change is necessary to Group accounting policies.

(e) Significant accounting judgments and key estimates

The preparation of half-year 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 2016.

(f) Going Concern

The half-year report has been prepared on the going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. This includes the continued development and commercialisation of the Group's current projects.

The consolidated entity has reported a net loss from operations for the period of \$916,543 (2015: \$1,881,423) and a cash outflow from operating activities of \$650,078 (2015: \$1,316,382). The directors are of the opinion that the Group is a going concern as the cash balance as at 31 December 2016 was \$1,219,834 (30 June 2016: \$2,448,771) and, based on prior experience, the Directors are confident that they can raise additional capital if required.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2016

	GROUP	
	31 Dec 2016	31 Dec 2015
NOTE 2: LOSS FROM ORDINARY ACTIVITIES	\$	\$
The following expense items are relevant in explaining the financial performance for the interim period:		
Expenses		
Depreciation and amortisation expense	58,525	69,042
Impairment (inventory)	-	214,414
Impairment (accounts receivable)	78,947	-
Borrowing cost expense	62,301	135,463
Legal expenses	311,342	210,442

	31 Dec 2016	30 June 2016
	\$	\$
NOTE 3: INTANGIBLE ASSETS		
Development Costs		
Opening balance as at 1 July	13,950,723	13,087,746
Additions for the period	520,758	862,977
Net carrying value	<u>14,471,481</u>	<u>13,950,723</u>

NOTE 4: DIVIDENDS
The Board of Directors of Suda Ltd does not recommend the payment of an interim dividend for the period ended 31 December 2016.

	31 Dec 2016	30 June 2016
	\$	\$
NOTE 5: ISSUED CAPITAL		
(a) Ordinary Shares		
Issued and fully paid	<u>55,734,542</u>	<u>55,716,942</u>
	Movements for the 6 months ended 31 Dec 2016	
	Number	\$
Balance at beginning of period	1,141,272,286	55,716,942
Shares issued during the period:		
– settlement of interest on convertible notes	885,345	17,600
	<u>1,142,157,631</u>	<u>55,734,542</u>

NOTE 6: SEGMENT INFORMATION

Identification of reportable segments

AASB 8 requires operating segments to be identified on the basis of internal reports and components of the Group that are regularly reviewed by the Board in order to allocate resources to the segment and to assess its performance.

The segments are consistent with the segments in the 2016 Annual Financial Statements.

Information regarding the segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

The following tables are an analysis of the Group's revenue and results by reportable segment provided to the Board for the half year ended 31 December 2016 and 31 December 2015.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2016

Primary reporting: Business Segments:	Suda	Westcoast	MRC	Unallocated items	Total
	\$	\$	\$	\$	\$
6 months ended 31 December 2016					
Segment revenue	768,578	3,166,517	-	-	3,935,095
Intersegment revenue	(377,750)	-	-	-	(377,750)
Revenue from external customers	390,828	3,166,517	-	-	3,557,345
Segment result	(784,263)	25,115	(28,943)	(128,452)	(916,543)
6 months ended 31 December 2015					
Segment revenue	205,254	2,833,765	-	-	3,039,019
Intersegment revenue	(205,254)	-	-	-	(205,254)
Revenue from external customers	-	2,833,765	-	-	2,833,765
Segment result	(1,462,943)	(157,869)	(134,910)	(55,701)	(1,811,423)

The revenue reported above represents revenue generated from external customers. Intersegment revenues have been eliminated.

NOTE 7: BORROWINGS

2013 Convertible Notes aggregating to \$1,730,000 have a maturity date of 31 March 2017.

NOTE 8: FINANCIAL INSTRUMENTS

The Directors consider that the carrying value of the financial assets and financial liabilities as recognised in the consolidated financial statements approximate their fair values.

NOTE 9: CONTINGENT LIABILITIES

There has been no change in the Company's contingent liabilities other than as outlined below.

HC Berlin Pharma

The Company was notified of a court judgement in relation to an alleged failed in-kind contribution with HC Berlin Pharma (in liquidation) which was in favour of the Receiver. The Receiver had initiated a Statement of Claim against Suda for Euro 4 million plus 5% interest from August 2008 as outlined in the announcement of 3 June 2016.

Based on the judgement all the rights to ArTiMist® are unencumbered and owned by SUDA.

Suda Ltd has initiated an appeal against the judgement and has taken legal advice and believes the judgment contains both errors in fact and in law and accordingly there are reasonable prospects of success upon appeal. Upon lodgement of the appeal the judgement is automatically stayed in Germany and cannot be enforced unless the Receiver places a security equal to the judgement plus 10% (€4.4M) with the courts.

Any registration and subsequent enforcement of the judgment in Australia under the applicable Australian legislation is not possible whilst the judgment is stayed in Germany. It is expected that the matter may not be resolved for a further 3 years.

The Directors are of the opinion, based on legal advice, that the likelihood of enforcement by the Receiver in Australia and subsequent payment by the Company can only be confirmed by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the control of the entity, and hence, has disclosed the matter with HC Berlin Pharma AG as a contingent liability.

NOTE 10: EVENTS SUBSEQUENT TO BALANCE DATE

i. HC Berlin Pharma

The court judgment, as outlined in Note 9 above, was received 20 January 2017. Refer to Note 9 for further explanation.

ii. R&D Tax Incentive

The Company received \$855,691 in February 2017 in relation to the Research and Development Tax Incentive for the 2015/16 year.

DIRECTORS' DECLARATION

The Directors of Suda Ltd declare that:

1. the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year then ended.
2. 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 signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.



.....
Stephen Carter
Director

Dated at Perth this 27th February 2017

INDEPENDENT AUDITOR'S REVIEW REPORT



Accountants | Business and Financial Advisers

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 ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the Group 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 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.

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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group financial position as at 31 December 2016 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*.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street Perth WA 6000 | PO Box 8124 Perth BC 6849 | Telephone +61 (08) 9227 7500 | Fax +61 (08) 9227 7533.

Email: hlb@hlbwa.com.au | Website: <http://www.hlb.com.au>

Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of  HLB International, a worldwide organisation of accounting firms and business advisers.

INDEPENDENT AUDITOR'S REVIEW REPORT



Accountants | Business and Financial Advisers

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 Group financial position as at 31 December 2016 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*.

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

HLB Mann Judd
Chartered Accountants

A handwritten signature in blue ink that reads 'Norman G. Neill'.

N G Neill
Partner

Perth, Western Australia
27 February 2017