

Appendix 4E (Rule 4.3A)

Results for announcement to the market

Name of entity: **Suda Pharmaceuticals Limited** (previously Suda Ltd) ABN 35 090 987 250

The current reporting period is the financial year ended 30 June 2018. The previous corresponding period is the financial year ended 30 June 2017 which has been restated due to the discontinued operation of Suda Pharmaceutical Ltd's (SUDA) subsidiary company, Westcoast Surgical and Medical Supplies Pty Ltd.

Revenue / Profit	Movement	Change \$'000	Change %	30 June 2018 \$'000	30 June 2017 \$'000
Revenues from ordinary activities	Down	(40)	(8.5)	428	468
(Loss) from ordinary activities after tax attributable to members	Up	(4,221)	(341.0)	(5,459)	(1,238)
Net (loss) for the period attributable to members	Up	(4,221)	(341.0)	(5,459)	(1,238)

NTA Backing	30 June 2018 Cents	30 June 2017 Cents
Net tangible asset per security	(0.32)	0.14

Dividends

No interim dividends were paid and no final dividends are proposed.

Brief explanation of any of the figures reported above

- i. During the year, SUDA sold its subsidiary company, Westcoast Surgical and Medical Supplies Pty Ltd (Westcoast). The results for Westcoast are shown as Discontinued Operation in the Profit or Loss Statement. The gross sale proceeds for the sale of Westcoast was \$1,736,266.
- ii. On 28 June 2018, SUDA entered into a settlement agreement with the receiver for HC Berlin Pharma. The settlement amount of €1,620,000 (approximately \$2,570,000) is recognised in the current financial year.

Audit Status

This preliminary report is based on financial statements that are in the process of being audited.



AND CONTROLLED ENTITIES

ABN: 35 090 987 250

Preliminary Final Report For The Year Ended

30 June 2018

**SUDA PHARMACEUTICALS LTD (previously SUDA LTD) ABN 35 090 987 250 AND CONTROLLED ENTITIES
PRELIMINARY FINAL REPORT – APPENDIX 4E**

Operating results

The consolidated loss of the group after providing for income tax attributable to owners of the parent entity amounted to \$5,459,278 (2017: \$1,238,309). Results for Westcoast Surgical and Medical Supplies Pty Ltd, which was sold during the year, has been included in Discontinued Operations.

The loss increased by 341% on the loss reported for the year ended 30 June 2017. Key developments during the year are explained below.

Significant events

The significant events during the 2017-18 financial year were:

i. Licence Agreement

SUDA Pharmaceuticals Ltd (SUDA) entered into an exclusive licence and supply agreement with Teva for ZolpiMist™ oral spray of zolpidem tartrate to treat insomnia in multiple countries. Teva is a leading global pharmaceutical company and the world's largest generic medicines producer. SUDA has granted Teva a licence to ZolpiMist in Brazil, Mexico and Chile, together with an 18-month option to license the product in Argentina, Israel and Australia.

ZolpiMist is registered for sale in the territory, SUDA will supply the product to Teva and receive a double-digit royalty on net sales less the supply price.

ii. Westcoast Surgical & Medical Supplies Pty Ltd (Westcoast)

SUDA entered into a Share Sale and Purchase Agreement on 26 February 2018 and completed the sale of its subsidiary, Westcoast, on 7 March 2018. The business was non-core and, after conducting a comprehensive divestment initiative, the Board accepted an offer from Perth-based company, Medical Sales and Services Pty Ltd, a subsidiary company of Device Technologies Pty Ltd.

The gross sale price was \$1,736,266 and allowed SUDA to focus on its core business activities.

iii. Acquisition of Anagrelide Intellectual Property

SUDA completed the acquisition of the global intellectual property relating to anagrelide, an anti-thrombotic agent, that has recently shown promise as a novel anti-cancer agent.

Anagrelide is currently used as an anti-thrombotic agent to reduce elevated levels of platelets. It is recognised that platelets play an important role in the growth and metastatic spread of tumours. Anagrelide has the potential to be developed as an effective anti-cancer agent but is fundamentally limited in its current formulation by cardio-stimulatory side-effects. An oro-mucosal spray formulation of anagrelide could minimise these side-effects by avoiding first-pass generation of a highly potent cardio-excitatory metabolite of the drug in the liver.

iv. Settlement of HC Berlin Pharma AG claim

On 28 June 2018, SUDA entered into a settlement agreement with the receiver for HC Berlin Pharma AG (HCBP). The amount of the settlement, €1,620,000 (approximately \$2,570,000), has been recognised in the financial reports for the current year and is the primary cause for the increase in the loss for the year.

On 29 March 2018, the Company announced that the German Court had dismissed an appeal lodged by SUDA against the Receiver of HCBP with respect to a failed in-kind capital contribution in June 2008. SUDA was found liable for the payment of €4,000,000 plus interest and costs and the Receiver had reserved his rights to apply to the Courts to have the liability increased to €8,000,000 plus interest and costs (quantum of the failed in-kind contribution).

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The judgement against SUDA was made for half of the failed in-kind contribution or €4,000,000 plus 5% interest dating back from August 2008, as reported by SUDA on 27 February 2017. The estimated total of this claim amounted to approximately €6,000,000 (approximately \$9,500,000) plus legal costs. Upon the judgement being made final the HCBP Receiver reserved his right to assert claim over the full €8,000,000 plus costs (approximately €12,000,000).

The settlement is for SUDA to pay €1,400,000 in respect of the claim, plus legal costs of €220,000, being a total of €1,620,000. The directors of SUDA believe that this was a very good outcome for the Company and its shareholders. The settlement quantifies the liability and removes uncertainty.

The initial payment is due by 30 September 2018 for €540,000 (approximately \$855,000) with the remaining payments payable by 31 December 2021.

v. Capital raising

On 28 June 2018, SUDA announced a renounceable rights issue offered on a one for one basis at 0.5 cents per share to raise up to \$6,100,000 with one free attaching listed option (exercise price of \$0.015 and expiry date of 31 July 2020) for every two new shares subscribed for under the Rights Issue. The Rights Issue was subject to a minimum subscription of \$4,000,000, with commitments of approximately \$2,000,000 received from convertible noteholders. (see After Balance Date Events).

As part of the capital raising, the Company secured interim funding from two of its directors totalling \$40,000.

Dividends Paid or Recommended

The Directors have recommended that no dividend be paid by the company in respect of the financial year ended 30 June 2018.

After Balance Date Events

The renounceable rights issue closed on 26 July 2018 and the Company raised \$6,120,000 (before costs) and issued 1,224,141,800 shares and 612,070,900 listed options. The new options are listed under the ASX code SUDOC.

Due to the overwhelming demand, the Company agreed to place a further 133,675,200 fully paid ordinary shares at \$0.005 and attaching 66,837,600 SUDOC options to raise an additional \$668,376.

The Company used funds from the capital raising to redeem all convertible notes which totalled \$2,156,025.

The Board thanks our shareholders for their ongoing support and looks forward to an exciting 2018/19 year.

SUDA PHARMACEUTICALS LTD (previously SUDA LTD) ABN: 35 090 987 250
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	Group	
		2018	2017
		\$	\$
Revenues	2	428,393	467,757
Other income	2	62,628	110,903
Raw materials and consumables used		(185,621)	(56,990)
Employee benefits expense		(1,605,717)	(1,379,354)
Depreciation and amortisation expense	3	(157,460)	(97,577)
Impairment of intangible assets		(559,939)	-
Finance costs		(177,030)	(223,382)
Other expenses	3	(4,583,337)	(970,998)
Loss before income tax expense		(6,778,083)	(2,149,641)
Income tax benefit		745,000	792,000
Loss after tax from continuing operations		(6,033,083)	(1,357,641)
Discontinued operation	4	573,805	119,332
Net loss for the year		(5,459,278)	(1,238,309)
Total comprehensive loss for the period		(5,459,278)	(1,238,309)
Loss and total comprehensive loss attributable to:			
Owners of the parent		(5,459,278)	(1,238,309)
		(5,459,278)	(1,238,309)
Earnings per share			
Basic loss per share (cents per share)	5	(0.45)	(0.11)
Basic loss per share from continuing operations (cents per share)	5	(0.49)	(0.12)
Diluted loss per share (cents per share)	5	(0.45)	(0.11)
Diluted loss per share from continuing operations (cents per share)	5	(0.49)	(0.12)

The accompanying notes form part of these financial statements.

SUDA PHARMACEUTICALS LTD (previously SUDA LTD) ABN: 35 090 987 250
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	Group	
		2018	2017
		\$	\$
CURRENT ASSETS			
Cash & cash equivalents		98,125	1,769,812
Trade & other receivables		790,728	1,607,802
Inventories		97,971	1,110,718
Other assets		83,932	121,736
TOTAL CURRENT ASSETS		<u>1,070,756</u>	<u>4,610,068</u>
NON-CURRENT ASSETS			
Property, plant and equipment		172,689	232,079
Intangible assets		15,398,790	15,173,396
TOTAL NON-CURRENT ASSETS		<u>15,571,479</u>	<u>15,405,475</u>
TOTAL ASSETS		<u>16,642,235</u>	<u>20,015,543</u>
CURRENT LIABILITIES			
Trade & other payables	6	1,811,936	1,360,689
Borrowings		2,023,412	-
TOTAL CURRENT LIABILITIES		<u>3,835,348</u>	<u>1,360,689</u>
NON-CURRENT LIABILITIES			
Trade & other payables	6	1,316,000	-
Borrowings		26,171	1,802,500
TOTAL NON-CURRENT LIABILITIES		<u>1,342,171</u>	<u>1,802,500</u>
TOTAL LIABILITIES		<u>5,177,519</u>	<u>3,163,189</u>
NET ASSETS		<u>11,464,716</u>	<u>16,852,354</u>
EQUITY			
Issued capital	8	57,204,713	57,138,713
Reserves		2,176,841	2,171,201
Accumulated losses		(47,916,838)	(42,457,560)
TOTAL EQUITY		<u>11,464,716</u>	<u>16,852,354</u>

The accompanying notes form part of these financial statements.

SUDA PHARMACEUTICALS LTD (previously SUDA LTD) ABN: 35 090 987 250
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Issued Capital	Accumulated Losses	Share-based Payments Reserve	Minority Interest Acquisition Reserve	Total
	\$	\$	\$	\$	\$
Balance as at 1 July 2016	55,716,942	(41,219,251)	704,255	1,404,267	16,606,213
Shares issued during the year	1,574,450	-	-	-	1,574,450
Transaction costs	(152,679)	-	-	-	(152,679)
Recognition of share-based payments expense	-	-	62,679	-	62,679
Loss for the year attributable to members of the parent entity	-	(1,238,309)	-	-	(1,238,309)
Balance as at 30 June 2017	57,138,713	(42,457,560)	766,934	1,404,267	16,852,354
Balance as at 1 July 2017	57,138,713	(42,457,560)	766,934	1,404,267	16,852,354
Shares issued during the year	66,000	-	-	-	66,000
Recognition of share-based payments expense	-	-	5,640	-	5,640
Loss for the year attributable to members of the parent entity	-	(5,459,278)	-	-	(5,459,278)
Balance as at 30 June 2018	57,204,713	(47,916,838)	772,574	1,404,267	11,464,716

The accompanying notes form part of these financial statements.

SUDA PHARMACEUTICALS LTD (previously SUDA LTD) ABN: 35 090 987 250
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	Group	
		2018 \$	2017 \$
CASH FLOWS FROM OPERATIONS			
Receipts from customers		5,099,169	7,082,136
Payments to suppliers		(8,178,172)	(8,667,742)
Receipts for R&D tax concession		662,877	856,656
Interest received		2,529	23,727
Finance costs		(134,433)	(149,000)
Net cash outflows from operations		<u>(2,548,030)</u>	<u>(854,223)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(68,307)	(84,563)
Payments for intangible assets		(839,790)	(1,222,673)
Net proceeds from disposal of entities	4	1,584,440	-
Net cash outflows from investing activities		<u>676,343</u>	<u>(1,307,236)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	1,500,000
Proceeds from borrowings		1,050,000	542,500
Repayment of borrowings		(850,000)	(470,000)
Payments for capital raising costs		-	(90,000)
Net cash provided by financing activities		<u>200,000</u>	<u>1,482,500</u>
Net (decrease) / increase in cash and cash equivalents		(1,671,687)	(678,959)
Cash and cash equivalents at the beginning of year		<u>1,769,812</u>	<u>2,448,771</u>
Cash and cash equivalents at the end of year		<u>98,125</u>	<u>1,769,812</u>

Reconciliation of Cash and Cash Equivalents

	2018 \$	2017 \$
Cash at bank and in hand	<u>98,125</u>	<u>1,769,812</u>
<i>Cash at the end of the period as shown in the cash flow statement is reconciled to items in the balance sheet as follows:</i>		
Cash and cash equivalents	<u>98,125</u>	<u>1,769,812</u>
	<u>98,125</u>	<u>1,769,812</u>

The accompanying notes form part of these financial statements.

SUDA PHARMACEUTICALS LTD (previously SUDA LTD) ABN: 35 090 987 250 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

The preliminary final report of the Company for the year ended 30 June 2018 comprises the Company and its controlled entities (the "Consolidated Entity" or "Group").

Note 1 Statement of Significant Accounting Policies

Basis of Preparation

The preliminary final report is presented in Australian dollars and has been prepared on an accrual basis and is based on historical cost basis except for selected current and non-current assets which are measured at fair value at reporting date.

The preliminary final report has been prepared in accordance with Australian Securities Exchange Listing Rules as they relate to Appendix 4E and in accordance with the recognition and measurement requirements of the Australian Accounting Standards (including Australian Accounting Interpretations) adopted by the AASB and the Corporations Act 2001.

As such, the preliminary final report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide a full understanding of the financial performance and financial position as the full financial report. It is recommended that the preliminary final report be considered together with any public announcements made by the Company in accordance with the continuous disclosure obligations of the Australian Securities Exchange Listing Rules.

Note 2 Revenue and Other Income

	Consolidated Group	
	2018	2017
	\$	\$
Sales Revenue		
— sale of goods	425,864	444,029
Other Revenue		
— interest received from other persons	2,529	23,728
Total Sales Revenue and Other Revenue	428,393	467,757
Other Income		
— gain on disposal of property, plant and equipment	1,818	-
— other income	60,810	110,903
Total Other Income	62,628	110,903

Note 3 Loss for the Year

	Consolidated Group	
	2018	2017
	\$	\$
Expenses		
Other expenses		
— Legal settlement	2,570,000	-
— Legal fees	1,042,107	470,272
Depreciation and amortisation expense		
— Amortisation of intangible assets	59,000	-
— Depreciation of non-current assets	98,460	97,577
	157,460	97,577

SUDA PHARMACEUTICALS LTD (previously SUDA LTD) ABN: 35 090 987 250 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 4 Discontinued Operations

The company's subsidiary, Westcoast Surgical and Medical Supplies Ltd (Westcoast) was sold on 8 March 2018 and the subsidiary company disposed of was reported in the financial statements for the year ended 30 June 2018 as a discontinued operation. Comparatives for the year ended 30 June 2017 have been amended.

	Consolidated Group	
	2018	2017
	\$	\$
<i>Consideration received</i>		
Cash	1,736,266	-
Total disposal consideration	1,736,266	-
Less: Westcoast loss for the year to date of disposal	(371,680)	-
Add: Westcoast accumulated losses to date of disposal leaving the Group	1,649,542	
Less: Intercompany loan written off	(2,440,323)	
Gain on disposal before income tax	573,805	-
Income tax benefit	-	-
Gain on disposal after income tax	573,805	-

Net cash inflow on disposal

The cash inflow on disposal is as follows:

Cash and cash equivalents consideration received or receivable	1,736,266	-
Net cash and cash equivalents disposed of	(151,826)	-
Net cash inflow on disposal	1,584,440	-

Financial performance from discontinued operation

The financial performance presented for the period to 7 March 2018

Revenue	4,436,452	6,753,629
Expenses	(4,808,132)	(6,634,297)
(Loss) / profit on operations	(371,680)	119,332
Loss recognised on the re-measurement to fair value	-	-
(Loss) / profit before tax from discontinued operations	(371,680)	119,332
Tax benefit	-	-
(Loss) / profit for the year from discontinued operations	(371,680)	119,332

Cash flows from discontinued operation

Net cash flows from operating activities	(200,455)	334,998
Net cash flows from investing activities	(31,851)	(14,136)
Net cash flows from financing activities	-	-
Net cash flows	(232,306)	320,862

SUDA PHARMACEUTICALS LTD (previously SUDA LTD) ABN: 35 090 987 250 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 5 Earnings per Share

		Consolidated Group	
		2018	2017
		\$	\$
(a)	Loss		
	Loss used in the calculation of basic and diluted earnings per share is as follows:		
	Loss	(5,459,278)	(1,238,309)
	Loss from continuing operations	(6,033,083)	(1,357,641)
		No.	No.
(b)	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	<u>1,221,660,754</u>	<u>1,155,909,911</u>

Options convertible to ordinary shares are not considered to be dilutive as their exercise will not result in diluted earnings per share.

Note 6 Trade and Other Payables

		Consolidated Group	
		2018	2017
		\$	\$
<i>Current</i>			
	Trade payables	256,120	1,100,055
	Legal settlement (<i>note i</i>)	1,254,000	-
	Sundry payables and accrued expenses	261,166	220,884
	Interest payable	40,650	40,050
		<u>1,811,936</u>	<u>1,360,989</u>
<i>Non-Current</i>			
	Legal settlement (<i>note i</i>)	<u>1,316,000</u>	-

Note i: The legal settlement is \$2,570,000 and relates to the settlement with the receiver of HC Berlin Pharma

Note 7 Controlled Entities

Controlled Entities Consolidated	Country of Incorporation	Percentage Owned (%)	
		2018	2017
Subsidiaries of Suda Pharmaceuticals Ltd:			
Westcoast Surgical and Medical Supplies Pty Ltd	Australia	-	100
Malaria Research Company Pty Ltd	Australia	100	100
Eastland CN Nominees Pty Ltd	Australia	100	100
Suda Europe Ltd	United Kingdom	100	100
SUD 18 Pty Ltd	Australia	100	-

Westcoast Surgical and Medical Supplies Pty Ltd was sold 7 March 2018.

SUD 18 Pty Ltd was established on 2 May 2018.

SUDA PHARMACEUTICALS LTD (previously SUDA LTD) ABN: 35 090 987 250 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 8 Issued Capital

	Consolidated Group	
	2018	2017
	\$	\$
Gross capital proceeds	59,654,622	59,588,622
Capital raising costs	(2,449,909)	(2,449,909)
1,224,141,804 (2017: 1,219,858,520) fully paid ordinary shares	<u>57,204,713</u>	<u>57,138,713</u>

Ordinary Shares

	No.	No.
At the beginning of reporting period	1,219,858,520	1,141,272,286
Shares issued 1 July 2016 to 30 June 2017	-	78,586,234
Shares issued during year:		
- settlement of interest on convertible notes	3,646,342	-
- settlement of fees for research	636,942	-
At reporting date	<u>1,224,141,804</u>	<u>1,219,858,520</u>