Appendix 4D

Half Year Ended 31 December 2017

1. Name of entity

SUDA PHARMACEUTICALS LTD AND CONTROLLED ENTITIES

ABN	Half year ended ('current period')
35 090 987 250	31 December 2017

Revenue / Profit		Movement	Change (%)	31 Dec 17 $'000	31 Dec 16 $'000
2.1	Revenues from ordinary activities	Up	1.3	395	390
2.2	Loss from ordinary activities after tax attributable to members	Up	136.3	(2,226)	(942)
2.3	Net loss for the period attributable to members	Up	142.7	(2,223)	(916)

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 2017 were:

i. SUDA secured its second licencing agreement with Teva Pharmaceuticals Industries Ltd (Teva) for its Zolpimist project for Brazil, Mexico and Chile plus options for Argentina, Israel and Australia. The revenue for the period includes $395,048 received from Teva in accordance with the licence agreement.

ii. SUDA commenced the process to divest its subsidiary company Westcoast Surgical and Medical Supplies Pty Ltd and entered into a share sale agreement on 26 February 2018. The business of Westcoast was treated as a discontinued activity for the half year report.

iii. SUDA exercised its option to acquire the Anagrelide intellectual property on 24 November 2017 and completed the transaction on 24 January 2018.

Earnings per Share	31 December 2017	31 December 2016
Basic loss per share (cents)	(0.18)	(0.08)
Diluted loss per share (cents)	(0.18)	(0.08)
Number of shares	1,221,425,388	1,142,157,631
Net tangible assets	($848,944)	$1,235,789
Net tangible assets per share (cents)	(0.07)	0.11

Compliance statement

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

☐	The [+]accounts have been audited.	☒	The [+]accounts have been subject to review.
☐	The [+]accounts are in the process of being audited or subject to review.	☐	The [+]accounts have *not* 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: 28 February 2018

(previously Suda Ltd)

AND CONTROLLED ENTITIES

(ABN 35 090 987 250)

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2017

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CORPORATE DIRECTORY

Directors	Mr. Stephen Carter	Executive Director
	Mr. Michael Stewart	Chairman (Non-Executive Director)
	Mr. Joseph Ohayon	Executive Director
Company Secretary	Mr. Joseph Ohayon	
Registered Office	Suda Pharmaceuticals Ltd	
	ABN 35 090 987 250	
	Level 1, Unit 12, 55 Howe Street	PO Box 1719
	Osborne Park, WA 6017	Osborne Park BC, WA 6916
	Telephone	(08) 6142 5555
	Facsimile	(08) 9443 8858
	Email	info@sudapharma.com
	Website	www.sudapharma.com
Share Registry	Advanced Share Registry Services	
	110 Stirling Highway	PO Box 1156
	Nedlands, WA 6009	Nedlands, WA 6909
	Telephone	(08) 9389 8033
	Facsimile	(08) 9389 7871
Auditors	HLB Mann Judd (WA Partnership)	
	Level 4, 130 Stirling Street	
	Perth, WA 6000	
	Telephone	(08) 9227 7500
	Facsimile	(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 code:	
	Ordinary Shares	SUD

DIRECTORS' REPORT

Your Directors present their report and the financial report of Suda Pharmaceuticals Ltd ("SUDA" or "Company") and its controlled entities ("Group") for the half year ended 31 December 2017. 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 Company signed an agreement to sell its subsidiary company, Westcoast Surgical and Medical Supplies Pty Ltd (Westcoast), after the reporting period, as announced on 27 February 2018. As the directors of the Company had made a decision to sell the business prior to 31 December 2017 and had received offers for the business prior to period end, the financial report discloses the assets and liabilities of Westcoast, that will be leaving the Group, on the Consolidated Statement of Financial Position as "Assets classified as held for sale" and "Liabilities directly associated with held for sale assets". The financial performance of Westcoast for the current and prior period is disclosed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as "Discontinued Operations".

The revenue for the period from continuing operations was $395,048 which was consistent with the half year to 31 December 2016 of $390,828. The loss before income tax of the Group from continuing operations was $2,226,403 an increase of 111% from the 31 December 2016 restated amount of $1,053,658.

The profit from discontinued operations, which relates to Westcoast, was $3,084, compared to the half year to December 2016 period of $25,115.

Some of the highlights during the period included:

i. Licence agreement

On 4 July 2017, SUDA entered into an exclusive licence and supply agreement with Teva Pharmaceuticals International GmbH, an affiliate of Teva Pharmaceutical Industries Limited ("Teva"), a leading global pharmaceutical company and the world's largest generic medicines producer, for ZolpiMist™ in multiple countries. SUDA granted Teva a licence to distribute and market ZolpiMist in Brazil, Mexico and Chile, together with an 18-month option to license the product in Argentina, Israel and Australia.

Under the terms of the agreement, SUDA received an upfront payment of US$300,000 (approximately A$400,000) and is entitled to receive further licence fees, registration milestone payments and commercial milestone payments of up to US$1,750,000 (approximately A$2,300,000). In addition, once ZolpiMist is registered for sale in the territory, SUDA will supply the product to Teva and receive a double-digit royalty on net sales.

On 6 December 2017, SUDA announced that Teva submitted its first Marketing Authorisation Application for ZolpiMist™ in the licensed territory.

ii. Westcoast Surgical and Medical Supplies Pty Ltd

SUDA signed the Share Sale and Purchase Agreement on 26 February 2018. The cash offer from Medical Sales & Service for Westcoast comprises of goodwill, the value of inventory plus additional payments in respect of conditional items. Settlement is expected to occur on 7 March 2018. Medical Sales & Service will take over the lease and all other liabilities of Westcoast.

Westcoast had generated sales of $3,292,680 over the 6-month period to 31 December 2017 with a net profit of $3,084.

iii. Anagrelide

SUDA exercised its option on 24 November 2017 to acquire the global intellectual property relating to anagrelide, an anti-thrombotic agent, that has recently shown promise as a novel anti-cancer agent.

Under the terms of the acquisition agreement with UK-based Aluztra Bio Ltd, the relevant global patents covering anagrelide have been assigned to SUDA.

Anagrelide is currently used as an anti-thrombotic agent to reduce elevated levels of platelets. Scientists have identified that platelets also provide essential growth factors that nourish cancer cells and enable them to take hold and develop into tumours. Hence, those patients with the highest platelet numbers are least likely to survive.

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.

The global market for cancer drugs has grown to more than $100 billion in annual sales. Newer cancer treatments include immunotherapies that stimulate the patient's own immune system.

Anagrelide would be complementary to such treatments by reducing the platelet numbers thereby reducing the proliferative and protective effect that platelets exhibit on metastatic cells and further rendering circulating cancer cells more susceptible to attack by the body's own killer cells. Thus, it potentially offers a novel and valuable first-in-class treatment option for cancer.

SUDA finalised the transaction in January 2018.

iv. Project update

SUD-014 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 and Europe, the Company could be supplying millions of units from this manufacturing site. The Company is supporting its partners, Eddingpharm and Teva, to accelerate the registration of ZolpiMist in China and Latin America respectively.

Teva submitted the first Marketing Authorisation Application for the novel oral spray in December 2017. The regulatory review process is expected to take 12 months with approval of ZolpiMist anticipated in Q4 2018. Under the terms of the agreement with Teva, the approval of ZolpiMist triggers a milestone payment to SUDA.

The Company is also working towards registration of ZolpiMist by the Australian Therapeutic Goods Administration (TGA). Some additional analytical data is required by the TGA to compare the reference drug as branded in the US versus the Australian branded tablet. The Company aims to complete the work in calendar year 2018.

SUD-006 ArTiMist® (artemether) for paediatric malaria

The Company has submitted its marketing Authorisation Application 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 TGA has provided initial feedback and questions as part of its review of ArTiMist. SUDA received positive reviews of the Clinical, Non-Clinical and Pharmacokinetic sections of the Marketing Authorisation Application. The outstanding questions relating to the Chemistry, Manufacturing and Control section of the file are currently being addressed.

SUD-001 (sumatriptan) for migraine headache

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. In addition, the Company is optimising a second-generation formulation using its proprietary permeation enhancing technology. The new formulation should have patent protection until 2036 based on SUDA's background intellectual property. The optimisation process is intended to enhance the speed and efficiency with which the active drug is absorbed across the oral mucosa compared to the original formulation.

SUD-002 (ondansetron) for nausea & vomiting

The Company has enhanced the stability of its SUD-002 formulation by changing the manufacturing process. Pending the successful outcome of partnering discussions, the Company intends to meet with relevant regulatory agencies to discuss the requirements if any for further studies prior to submitting a marketing application.

SUD-003/4 (sildenafil) for erectile dysfunction/pulmonary arterial hypertension

SUDA has positive proof of concept data in humans for its first-generation sildenafil formulation and is in active discussions with a number of groups for both SUD-003 and SUD-004. SUDA is continuing its efforts to optimise its second-generation formulation of SUD-003 using the Company's novel permeation enhancing technology. With an Innovation Connections grant, SUDA is working in partnership with the University of Western Australia to understand better the absorption mechanism of sildenafil across the mucosal membrane.

SUD-018 (anagrelide) for cancer

SUDA exercised its option to acquire the global intellectual property relating to anagrelide, an anti-thrombotic agent, that has recently shown promise as a novel anti-cancer agent. The acquisition completed in January 2018. 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.

Co-development

SUDA has successfully completed the initial work for Pfizer Consumer Healthcare to formulate oral sprays of two widely-use over-the-counter drugs. The companies are in discussions about expanding the scope of work to optimise further the formulations. SUDA has provided costed work plans to Pfizer, which is waiting for the allocation of budget to continue the projects.

After balance date events

i. Sale of Westcoast

The agreement for the sale of Westcoast was signed on 26 February 2018 with an expected settlement date of 7 March 2018. Under the agreement, the parties have until 30 April 2018 to complete the transaction.

ii. Anagrelide

The Company finalised the acquisition of the Anagrelide intellectual property on 24 January 2018. Aluztra Bio Ltd and its partners will be entitled to a low single-digit percentage royalty on direct net sales or a share of income generated by SUDA from commercialisation of an oro-mucosal spray of anagrelide. No other payments have been made or are due.

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 5 and forms part of the Directors' Report for the half year ended 31 December 2017.

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 28th February 2018

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Suda Pharmaceuticals Limited (previously Suda Limited) for the half-year ended 31 December 2017, 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
28 February 2018

L Di Giallonardo
Partner

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the half year ended 31 December 2017

	Note	Group	
		31 Dec 2017	31 Dec 2016
		$	$
Revenues		395,048	390,828
Interest income		1,706	20,337
Other income		8,379	-
Raw materials and consumables used		(153,831)	(29,826)
Employee benefits expense		(654,233)	(477,350)
Depreciation and amortisation expense		(77,596)	(45,197)
Finance costs		(73,697)	(62,233)
Other expenses		(1,672,179)	(850,217)
Loss before income tax	2	**(2,226,403)**	**(1,053,658)**
Income tax benefit		-	112,000
Loss after tax from continuing operations		**(2,226,403)**	**(941,658)**
Discontinued operation			
Profit after tax from discontinued operation	5	3,084	25,115
Net loss for the period		**(2,223,319)**	**(916,543)**
Other comprehensive income		-	-
Total comprehensive loss for the period		**(2,223,319)**	**(916,543)**
Earnings per share			
Basic and diluted loss per share (cents)		(0.18)	(0.08)
Basic and diluted loss per share from discontinuing operations (cents)		0.00	0.00

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2017

	Note	Group 31 Dec 2017 $	Group 30 Jun 2017 $
ASSETS			
Current assets			
Cash & cash equivalents		622,471	1,769,812
Trade & other receivables		14,663	1,607,802
Inventories		263,822	1,110,718
Other assets		87,271	121,736
Assets classified as held for sale	5	1,577,653	-
Total current assets		**2,565,880**	**4,610,068**
Non-current assets			
Property, plant and equipment		209,990	232,079
Intangible assets	6	15,511,619	15,173,396
Total non-current assets		**15,721,609**	**15,405,475**
Total assets		**18,287,489**	**20,015,543**
LIABILITIES			
Current liabilities			
Trade & other payables		560,883	1,360,689
Lease liabilities		19,303	-
Short-term provisions		13,462	-
Liabilities directly associated with held for sale assets	5	978,783	-
Total current liabilities		**1,572,431**	**1,360,689**
Non-current liabilities			
Lease liabilities		49,883	-
Borrowings		2,002,500	1,802,500
Total non-current liabilities		**2,052,383**	**1,802,500**
Total liabilities		**3,624,814**	**3,163,189**
Net assets		**14,662,675**	**16,852,354**
EQUITY			
Issued capital	7	57,166,713	57,138,713
Reserves		2,176,841	2,171,201
Accumulated losses		(44,680,879)	(42,457,560)
TOTAL EQUITY		**14,662,675**	**16,852,354**

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2017

	Issued Capital	Accumulated Losses	Share-based Payment 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 half year	17,600	-	-	-	17,600
Loss for the period	-	(916,543)	-	-	(916,543)
Other comprehensive income	-	-	-	-	-
Total comprehensive 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
Balance as at 1 July 2017	57,138,713	(42,457,560)	766,934	1,404,267	16,852,354
Shares issued during the half year	28,000	-	-	-	28,000
Options issued during the half year	-	-	5,640	-	5,640
Loss for the period	-	(2,223,319)	-	-	(2,223,319)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	(2,223,319)	-	-	(2,223,319)
Balance as at 31 December 2017	57,166,713	(44,680,879)	772,574	1,404,267	14,662,675

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 31 December 2017

	Group	
	31 Dec 2017	**31 Dec 2016**
	$	**$**
Cash flows from operating activities		
Receipts from customers	3,949,556	3,482,886
Payments to suppliers and employees	(5,519,129)	(4,101,953)
Receipts for R&D tax incentives	662,877	-
Interest received	1,705	20,337
Finance costs	(45,701)	(51,348)
Net cash (outflow) from operating operations	(950,693)	(650,078)
Cash flows from investing activities		
Payment for development of products	(367,722)	(520,756)
Payment for property, plant & equipment	(28,926)	(58,103)
Net cash (outflow) from investing activities	(396,648)	(578,859)
Cash flows from financing activities		
Proceeds from borrowings	200,000	-
Net cash inflow from financing activities	200,000	-
Net (decrease) in cash held	(1,147,341)	(1,228,937)
Cash and cash equivalents at the begining of period	1,769,812	2,448,771
Cash and cash equivalents at the end of period	622,471	1,219,834

The accompanying notes form part of these financial statements.

NOTE 1: SUMMARY OF ACCOUNTING POLICIES

(a) Statement of compliance

These half-year consolidated financial statements (the interim 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.

The interim financial statements comprise the condensed interim financial statements for the Group. For the purposes of preparing the interim financial statements, the Company is a for-profit entity.

The interim financial statements do not include full disclosures of the type normally included in the full 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 interim financial statements be read in conjunction with the full financial report for the year ended 30 June 2017 and any public announcements made by Suda Pharmaceuticals Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

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

The interim financial statements have been prepared on an historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. For the purpose of preparing the interim financial statements, the half year has been treated as a discrete reporting period.

The Company is domiciled in Australia and all amounts are presented in Australian dollars.

(b) Adoption of new and revised standards

Standards and Interpretations applicable to 31 December 2017

In the period ended 31 December 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods. Those which may have a significant impact to the Group are set out below. The Group does not plan to adopt these standards early.

AASB 9 Financial Instruments (2014)

AASB 9 (2014), published in December 2014, replaces the existing guidance AASB 9 (2009), AASB 9 (2010) and AASB 139 Financial Instruments: Recognition and Measurement and is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The new standard results in changes to accounting policies for financial assets and liabilities covering classification and measurement, hedge accounting and impairment. The Group has assessed these changes and determined that based on the current financial assets and liabilities held at reporting date, the Group will need to reconsider its accounting policies surrounding impairment recognition. The new impairment requirements for financial assets are based on a forward looking 'expected loss model' (rather than the current 'incurred loss model').

The Group does not expect a significant effect on the financial statements resulting from the change of this standard however the Group is in the process of evaluating the impact of the new financial instrument standard. The changes in the Group's accounting policies from the adoption of AASB 9 will be applied from 1 July 2018 onwards.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, including in respect of multiple element arrangements. It replaces existing revenue recognition guidance, AASB 111 Construction Contracts, AASB 118 Revenue and AASB 1004 Contributions. AASB 15 is effective from annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The core principle of AASB 15 is that it requires identification of discrete performance obligations within a transaction and associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of goods or services is transferred, rather than on transfer of risks and rewards. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed.

The Group has commenced the process of evaluating the impact of the new standard on existing revenue streams and will first apply AASB 15 in the financial year beginning 1 July 2018.

AASB 16 Leases

AASB 16 replaces the current AASB 17 Leases standard. AASB 16 removes the classification of leases as either operating leases or finance leases- for the lessee - effectively treating all leases as finance leases. Most leases will be capitalised on the balance sheet by recognising a 'right-of-use' asset and a lease liability for the present value obligation. This will result in an increase in the recognised assets and liabilities in the statement of financial position as well as a change in expense recognition, with interest and deprecation replacing operating lease expense.

Lessor accounting remains similar to current practice, i.e. lessors continue to classify leases as finance and operating leases.

The Group has commenced the process of evaluating the impact of the new standard on existing lease arrangements and will first apply AASB 17 in the financial year beginning 1 July 2019.

(c) Statement of compliance

The interim financial statements were authorised for issue on 28 February 2018.

The interim financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the interim financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Significant accounting estimates and judgements

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2017.

(e) 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.

Notwithstanding the fact that the Group incurred an operating loss of $2,223,319 for the period ended 31 December 2017 (2016: $916,543) and a net cash outflow from operating activities amounting to $950,693 (2016: $650,078), the Directors are of the opinion that the Company is a going concern for the following reasons:

- Subsequent to period end the Group expects to receive a net cash inflow of approximately $1,500,000 from the sale of its subsidiary company, Westcoast Surgical and Medical Supplies Pty Ltd;
- SUDA is in advanced negotiations with various parties for its projects and anticipates income on the successful completion of these negotiations;
- The Directors also anticipate that a further debt or equity raising may be required in 2018 dependent on the timing of the completion of negotiations outlined above. Based on prior experience, the Directors are confident that they can raise additional capital if required.

Should these initiatives not be completed, there is a material uncertainty that may cast significant doubt as to whether the Company will be able to continue as a going concern and therefore, the Company may be unable to realise its assets and extinguish its liabilities in the normal course of business.

	GROUP	
	31 Dec 2017	31 Dec 2016
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	77,596	58,525
Impairment (inventory)	9,296	-
Impairment (accounts receivable)	72,499	78,947
Borrowing cost expense	76,697	62,301
Legal expenses	812,429	311,342

NOTE 3: DIVIDENDS

The Board of Directors of Suda Pharmaceuticals Ltd does not recommend the payment of an interim dividend for the period ended 31 December 2017.

NOTE 4: SEGMENT INFORMATION

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segment and to assess its performance.

The Group's operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision Maker to make decisions regarding the Group's operations and allocation of working capital. Due to the size and nature of the Group, the Board as a whole has been determined as the Chief Operating Decision Maker.

Description of segments

The segments are consistent with the segments in the 2017 Annual Financial Statements, except that the Westcoast segment has been identified as Discontinued Operations.

During the six-month period to 31 December 2017, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

The following tables are an analysis of the Group's revenue and results by reportable segment provided to the Board for the half years ended 31 December 2017 and 31 December 2016.

Primary reporting: Business Segments:	Continuing operations Suda	Continuing operations MRC	Discontinued operations Westcoast	Unallocated items	Total
	$	$	$	$	$
6 months ended 31 December 2017					
Segment revenue	645,934	-	3,298,877	-	3,944,811
Intersegment revenue	(250,886)	-	-	-	(250,886)
Revenue from external customers	395,048	-	3,298,877	-	3,693,925
Segment profit/(loss)	(2,150,604)	(31,344)	3,084	(44,456)	(2,223,319)
Segment assets	9,823,337	11,757,065	1,936,163	(5,229,076)	18,287,489
Segment liabilities	2,618,159	1,757,499	3,210,940	(3,961,784)	3,624,814
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 profit/(loss)	(784,263)	(28,943)	25,115	(128,452)	(916,543)
Segment assets	10,477,211	11,327,858	1,942,883	(4,743,438)	19,004,514
Segment liabilities	2,264,648	1,323,366	3,314,961	(3,605,731)	3,297,244

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

NOTE 5: ASSETS AND LIABILITIES HELD FOR SALE

The Company signed the Share Sale and Purchase Agreement on 26 February 2018 with an expected settlement date of 7 March 2018. Westcoast has been classified in the interim financial statements for the half-year ended 31 December 2017 as a discontinued operation.

Financial performance from discontinued operation

The financial performance presented for the 6 months ended 31 December 2017 and 2016:

	31 Dec 2017	31 Dec 2016
	$	$
Revenue	3,298,877	3,166,517
Expenses	(3,295,793)	(3,141,402)
Profit before tax from discontinued operations	3,084	25,115
Tax benefit	-	-
Loss for the period from discontinued operations	3,084	25,115
Profit attributable to owners of the parent entity relates to:		
Loss from continuing operations	(2,226,403)	(941,658)
Profit from discontinuing operations	3,084	25,115
	(2,223,319)	(916,543)

	31 Dec 2017 $	31 Dec 2016 $
Cash flows from discontinued operations:		
Net cash flows from operating activities	252,750	291,817
Net cash flows from investing activities	(6,095)	(1,467)
Net cash flows from financing activities	-	-
Net cash flows	246,655	290,350

Assets and liabilities held for sale

The major classes of assets and liabilities comprising the operations classified as held for sale at balance date are as follows:

Assets	
Trade and other receivables	633,078
Inventory	896,672
Property, plant and equipment	47,903
	1,577,653
Liabilities	
Trade and other payables	(978,783)
Net assets classified as held for sale	598,870

NOTE 6: INTANGIBLE ASSETS

	31 Dec 2017 **$**	30 June 2017 **$**
Development Costs		
Opening balance as at 1 July	15,173,396	13,950,723
Additions for the period	367,723	1,222,673
Amortisation for the period	(29,500)	-
Net carrying value	15,511,619	15,173,396

NOTE 7: ISSUED CAPITAL

	31 Dec 2017 **$**	30 June 2017 **$**
(a) Ordinary Shares		
Issued and fully paid	57,166,713	57,138,713

	Movements for the 6 months ended 31 Dec 2017	
	Number	$
Balance at beginning of period	1,219,858,520	57,138,713
Shares issued during the period:		
– settlement of interest on convertible notes	1,566,868	28,000
	1,221,425,388	57,166,713

NOTE 8: SHARE-BASED PAYMENT PLANS

The following share-based payment arrangements were entered into during the period:

	Number	Grant date	Expiry date	Exercise Price	Fair value at grant date	Vesting date
Performance-based Options	19,000,000	11 Dec 2017	10 Dec 2020	2.28 cents	$51,388	Pursuant to Employee Share Option Plan

The fair value of the equity-settled share options granted under the option plan is estimated as at the date of grant using the Monte Carlo Simulation model taking into account the terms and conditions upon which the options were granted.

Share Price at grant date	$0.0170
Exercise Price	$0.0228
Risk-free rate	1.97%
Dividend yield	0.00%
Volatility	77.465%
Expected life of option (years)	3

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

NOTE 9: 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.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

NOTE 10: CONTINGENT LIABILITIES

There has been no change in the Company's contingent liabilities since the last annual reporting date, except for the following:

Critical Health Products Pty Ltd

The matter was resolved during the period.

NOTE 11: EVENTS SUBSEQUENT TO BALANCE DATE

Sale of Westcoast Surgical and Medical Supplies Pty Ltd

The agreement for the sale of Westcoast was signed on 26 February 2018 with an expected settlement date of 7 March 2018. Under the agreement, the parties have until 30 April 2018 to complete the transaction.

Acquisition of Anagrelide Intellectual Property

The Company finalised the acquisition of the Anagrelide intellectual property on 24 January 2018. Aluztra Bio Ltd and its partners will be entitled to a low single-digit percentage royalty on direct net sales or a share of income generated by SUDA from commercialisation of an oro-mucosal spray of anagrelide. No other payments have been made or are due.

DIRECTORS' DECLARATION

The Directors of Suda Pharmaceuticals Ltd (previously Suda Ltd) ("Company") 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 Group's financial position as at 31 December 2017 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 28th February 2018

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Suda Pharmaceuticals Limited (previously Suda Limited)

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Suda Pharmaceuticals Limited (previously Suda Limited) ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2017, 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.

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 Pharmaceuticals Limited (previously Suda Limited) is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2017 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*.

Material uncertainty related to going concern

We draw attention to Note 1 in the half-year financial report, which indicates that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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's financial position as at 31 December 2017 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
Chartered Accountants

L Di Giallonardo
Partner

Perth, Western Australia
28 February 2018