

Appendix 4D

Half Year Ended 31 December 2013

1. Name of entity

SUDA LTD AND CONTROLLED ENTITIES

ABN

35 090 987 250

Half year ended ('current period')

31 December 2013

Revenue / Profit	Movement	Change (%)	31 Dec 13 \$'000	31 Dec 12 \$'000
2.1 Revenues from ordinary activities	Up	197.7	6,242	2,097
2.2 Loss from ordinary activities after tax attributable to members	Down	65.6	332	966
2.3 Net loss for the period attributable to members	Down	65.6	332	966
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 increase in revenue for the Group primarily relates to Suda Ltd's subsidiary company, Westcoast Surgical & Medical Supplies, which has increased sales by 198% on same period last year with a corresponding increase in raw materials and consumables used.

Earnings per Share	31 December 2013	31 December 2012
Basic earnings per share (cents)	(0.04)	(0.16)
Diluted earnings per share (cents)	(0.04)	(0.16)
Number of shares	921,652,169	608,504,736
Net Tangible Assets	\$4,282,261	(\$1,211,450)
Net tangible assets per share	\$0.00	\$0.00

Compliance statement

1. An interim report for the half year ended 31 December 2013 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: 26 February 2014

SUDA LTD
AND CONTROLLED ENTITIES

(ABN 35 090 987 250)

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2013**

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CORPORATE DIRECTORY

Directors	Mr Stephen Carter Mr Michael Stewart Mr Joseph Ohayon Mr Ken Robson	Executive Director Chairman Executive Director Non-Executive Director
Company Secretary	Mr Joseph Ohayon	
Registered Office	Suda Ltd ABN 35 090 987 250 Level 1, Unit 12, 55 Howe St Osborne Park WA 6017 Telephone Facsimile Email Website	PO Box 1719 Osborne Park BC, WA 6916 (08) 6142 5555 (08) 9443 8858 suda@sudaltd.com.au www.sudaltd.com.au
Share Registry	Advanced Share Registry Services 150 Stirling Highway Nedlands WA 6009 Telephone Facsimile	PO Box 1156 Nedlands WA 6909 (08) 9389 8033 (08) 9389 7871
Auditors	HLB Mann Judd (WA Partnership) Level 4, 130 Stirling Street Perth WA 6000 Telephone Facsimile	(08) 9227 7500 (08) 9227 7533
Bankers	Westpac Banking Corporation Corporate Banking 109 St Georges Terrace Perth WA 6000	
Home Stock Exchange	Australian Securities Exchange Exchange Plaza 2 The Esplanade Perth WA 6000 Listing codes: Ordinary Shares	SUD

DIRECTORS' REPORT

Your Directors present their financial report of Suda Ltd and its controlled entities for the half year ended 31 December 2013.

Directors

The names of the Directors who held office during the half year and at 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
Mr Joseph Ohayon	Executive Director
Mr Ken Robson	Non-Executive Director

Review and results of operations

The revenue for the period was \$6,241,998 (Dec 2012:\$2,096,538) of which \$6,221,599 (Dec 2012: \$2,086,596) related to the subsidiary company Westcoast Surgical and Medical Supplies Pty Ltd (Westcoast).

The loss of the Group amounted to \$331,847 (Dec 2012: \$966,227).

Some of the highlights during the period included:

i. Westcoast Surgical and Medical Supplies Pty Ltd (Westcoast)

As outlined above, Westcoast's revenue has increased 198% over the same period last year. During the period, Westcoast became the preferred supplier for a major, federal government-funded organisation for the supply of pharmaceuticals, consumables and vaccines which significantly contributed to the increase in revenue.

ii. Capital Raising

In September 2013, Suda raised \$1.9m via an issue of 1.9 million secured convertible notes to institutional and sophisticated investors. As part of the raising, three Suda directors participated in the issue of convertible notes for a total \$420,000 which were subject to, and received, shareholder approval at the November AGM.

In November 2013, Suda completed a \$5.6m capital raising through a placement to institutional investors.

iii. ArTiMist™ update

In July 2013, Suda confirmed outstanding results in the ArTiMist™ final report relating to its Phase III trial and in November 2013, Suda completed a restructure of the commercial terms of the project by signing a new agreement with ProtoPharma that enhanced the value of the ArTiMist™ asset and set the foundation for a global partnership with a pharmaceutical company. Under the new agreement, ProtoPharma acquired 20% in Suda's subsidiary Malaria Research Company Pty Ltd.

iv. Asset acquisition

In December 2012, the Company announced that it had signed an option to acquire an oro-mucosal drug delivery platform technology from US drug company NovaDel Pharma Inc. The acquisition was settled in August 2013 and provides Suda with an extensive and robust patent portfolio and a pipeline of projects.

After balance date events

Judgement for legal action brought by a former Director against the Company was handed down in February 2014 and it was found that the former Director had failed in his action and costs were awarded against the former Director.

Directors Report (Continued)

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 2013.

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 26th February 2014

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 2013, 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.

This declaration is in respect of Suda Limited and the entities it controlled during the half-year.



Perth, Western Australia
26 February 2014

N G Neill
Partner

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 31 December 2013

	Note	Group	
		31 Dec 2013	31 Dec 2012
		\$	\$
Revenues		6,241,998	2,096,538
Raw materials and consumables used		(4,207,365)	(1,722,082)
Employee benefits expense		(887,334)	(584,110)
Depreciation and amortisation expense		(20,771)	(15,110)
Finance costs		(61,839)	(34,563)
Other expenses		(1,396,536)	(706,900)
Loss before income tax	2	(331,847)	(966,227)
Income tax expense		-	-
Net loss for the period		(331,847)	(966,227)
Other comprehensive income		-	-
Total comprehensive loss for the period		(331,847)	(966,227)
Earnings per share			
Basic loss per share (cents)		(0.04)	(0.16)
Diluted loss per share (cents)		(0.04)	(0.16)

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2013

		Group	
	Note	31 Dec 2013	30 Jun 2013
		\$	\$
CURRENT ASSETS			
Cash & cash equivalents		5,526,871	752,619
Trade & other receivables		1,876,204	635,350
Inventories		1,017,324	803,293
Other assets		417,726	240,533
TOTAL CURRENT ASSETS		8,838,125	2,431,795
NON-CURRENT ASSETS			
Property, plant and equipment		162,384	116,876
Intangible assets	3	12,328,675	8,180,275
TOTAL NON-CURRENT ASSETS		12,491,059	8,297,151
TOTAL ASSETS		21,329,184	10,728,946
CURRENT LIABILITIES			
Trade & other payables		1,935,733	2,876,866
Borrowings		882,515	562,000
TOTAL CURRENT LIABILITIES		2,818,248	3,438,866
NON-CURRENT LIABILITIES			
Borrowings		1,900,000	600,000
TOTAL NON-CURRENT LIABILITIES		1,900,000	600,000
TOTAL LIABILITIES		4,718,248	4,038,866
NET ASSETS		16,610,936	6,690,080
EQUITY			
Issued capital	6	48,136,073	40,128,687
Reserves		268,818	74,846
Accumulated losses		(33,845,300)	(33,513,453)
Equity attributable to the parent entity		14,559,591	6,690,080
Non-controlling interests		2,051,344	-
TOTAL EQUITY		16,610,936	6,690,080

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2013

	Issued Capital \$	Accumulated Losses \$	Share Redemption Reserve \$	Option Reserve \$	Non- controlling interests \$	Total \$
Balance as at 1 July 2012	38,857,967	(33,109,555)	3,622	1,259,999	-	7,012,033
Shares issued during the half year	344,415	-	-	-	-	344,415
Transaction costs	(238,136)	-	-	74,846	-	(163,290)
Comprehensive loss for the period	-	(966,227)	-	-	-	(966,227)
Balance as at 31 December 2012	38,964,246	(34,075,782)	3,622	1,334,845	-	6,226,931
Balance as at 1 July 2013	40,128,687	(33,513,453)	-	74,846	-	6,690,080
Shares issued during the half year	8,352,318	-	-	-	-	8,352,318
Options issued during the half year	-	-	-	193,972	-	193,972
Transaction costs	(344,932)	-	-	-	-	(344,932)
Non-controlling interest arising on project development of subsidiary company	-	-	-	-	2,051,344	2,051,344
Comprehensive loss for the period	-	(331,847)	-	-	-	(331,847)
Balance as at 31 December 2013	48,136,073	(33,845,300)	-	268,818	2,051,344	16,610,936

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 31 December 2013

	Group	
	31 Dec 2013	31 Dec 2012
	\$	\$
CASH FLOWS FROM OPERATIONS		
Receipts from customers	6,019,231	2,132,255
Payments to suppliers	(7,385,478)	(3,072,986)
Receipts for R&D tax concession	-	148,633
Interest received	21,047	9,941
Interest paid	(28,808)	(22,066)
Net cash used in operations	<u>(1,374,008)</u>	<u>(804,223)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for development of products	(1,471,326)	(148,060)
Payment for property, plant & equipment	(94,138)	(47,257)
Payments to bank for security	-	(200,000)
Net cash used in investing activities	<u>(1,565,464)</u>	<u>(395,317)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issues	6,158,655	100,324
Payments for capital raising costs	(344,932)	-
Repayment of borrowings	-	(392,000)
Proceeds from loans	1,900,000	968,000
Net cash provided by financing activities	<u>7,713,723</u>	<u>676,324</u>
Net increase / (decrease) in cash held	4,774,252	(523,216)
Cash at the beginning of period	752,619	1,590,003
Cash at the end of period	<u>5,526,871</u>	<u>1,066,787</u>

The accompanying notes form part of these financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2013

NOTE 1: SUMMARY OF ACCOUNTING POLICIES

(a) Statement of compliance

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

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

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2013 and any public announcements made by Suda Ltd and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

(b) Basis of Preparation

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

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

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

(c) Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2013, 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 2013. 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 2013. 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.

(d) Key estimates

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

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2013.

	GROUP	
	31 Dec 2013	31 Dec 2012
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	20,771	15,110
Borrowing cost expense	61,839	34,563
Legal expenses	346,052	146,094

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2013

NOTE 3: INTANGIBLE ASSETS

	31 Dec 2013	30 June 2013
	\$	\$
Development Costs		
Opening balance as at 1 July	8,180,275	6,640,001
Movements for the period (a)	2,097,056	1,540,274
Net carrying value	<u>10,277,331</u>	<u>8,180,275</u>

(a) Included in the movements for the period is \$2,050,649 which relates to the consideration paid to NovaDel Pharma Inc for the acquisition of the oro-mucosal drug delivery platform technology.

Distribution rights

Opening balance as at 1 July	-	-
Distribution rights acquired	2,051,344	-
Net carrying value	<u>2,051,344</u>	<u>-</u>

Total intangible assets

12,328,675 8,180,275

NOTE 4: FINANCE FACILITY

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

	31 Dec 2013	30 June 2013
	\$	\$
Convertible Security	600,000	600,000
Equity line of credit	7,000,000	7,000,000
	<u>7,600,000</u>	<u>7,600,000</u>
Amount drawn down to date	(2,200,000)	(1,700,000)
Facility not used and expired	(1,800,000)	(800,000)
Facility available	<u>3,600,000</u>	<u>5,100,000</u>

Note: On 9 December 2013, the Company announced that the funding agreement with Bergen Global Opportunity Fund, LP had been paused by mutual consent of both parties for up to six months and the expiration date of the facility is extended accordingly. The original expiration date was on or about 10 December 2014.

NOTE 5: DIVIDENDS

The Board of Directors of Suda Ltd does not recommend the payment of an interim dividend for the period ended 31 December 2013.

NOTE 6: ISSUED CAPITAL

	31 Dec 2013	30 June 2013
	\$	\$
(a) Ordinary Shares		
Issued and fully paid	<u>48,136,073</u>	<u>38,857,967</u>
	Movements for the 6 months ended 31 Dec 2013	
	Number	\$
Balance at beginning of period	653,648,691	40,128,687
Shares issued during the period:		
– options exercised	1,000,000	50,000
– conversion of convertible notes	23,428,571	640,000
– acquisition of intellectual property	50,000,000	1,450,000
– finance facility	23,347,631	600,000
– employee share scheme	268,026	3,663
– share placement	169,959,250	5,608,655
– less share issue costs	-	(344,932)
	<u>921,652,169</u>	<u>48,136,073</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2013

NOTE 6: ISSUED CAPITAL (CONT)

(b) Listed Options

	31 Dec 2013	30 June 2013
	\$	\$
Balance at beginning of period	-	53,496,864
Movements for the period:		
– options exercised during the period	-	(17,122)
– options expired during the period	-	(53,479,742)
Balance at end of the period	-	-

(c) Unlisted Options

	31 Dec 2013	30 June 2013
	\$	\$
Balance at beginning of period	37,900,000	22,500,000
Movements for the period:		
– options issued to convertible noteholders	-	30,400,000
– options issued pursuant to Bergen agreement	-	7,500,000
– options issued to NovaDel Pharma Inc (exercise price: \$0.05, expiry date: 31 Dec 2015)	10,000,000	-
– options issued to employees (exercise price: \$0.05, expiry date 20 July 2015)	4,000,000	-
– options expired during the period	-	(22,500,000)
– options exercised during the period	(1,000,000)	-
Balance at end of the period	50,900,000	37,900,000

NOTE 7: RELATED PARTY TRANSACTIONS

Transactions with related parties

	31 Dec 2013	30 June 2013
	\$	\$
Key Management Personnel		
Mr Michael Stewart: consulting services	35,500	24,500
Mr Michael Stewart: convertible notes (note i)	350,000	150,000
Mr Stephen Carter: convertible notes (note i)	50,000	-
Mr Joseph Ohayon: convertible notes (note i)	20,000	-

(i) The issue of the Convertible Notes was approved at the AGM held 12 November 2013.

NOTE 8: SEGMENT INFORMATION

Segment Information

Identification of reportable segments

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

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

Types of products and services by segment

(a) Suda

Suda is a pharmaceutical development segment and performs research and development to create new human pharmaceutical products by combining proven drugs with innovative patented delivery technologies.

(b) Westcoast

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

(c) Malaria Research Company (MRC)

MRC is the pharmaceutical development segment for the treatment of malaria, i.e. the ArTiMist™ project.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2013

NOTE 8: SEGMENT INFORMATION (CONT)

(i) Segment Performance

6 months ended 31 December 2013

Primary reporting: Business Segments:

	Suda	Westcoast	MRC	Total
	\$	\$	\$	\$
REVENUE				
External sales	-	6,221,599	-	6,221,599
Inter-segment sales	60,618	-	-	60,618
Interest revenue	20,399	-	-	20,399
Total segment revenue	<u>81,017</u>	<u>6,221,599</u>	<u>-</u>	<u>6,302,616</u>
<i>Reconciliation of segment revenue to group revenue</i>				
<i>Less: inter-segment sales</i>				<u>(60,618)</u>
Total group revenue				<u>6,241,998</u>
Segment net profit/(loss) before tax	<u>(1,487,304)</u>	<u>1,238,068</u>	<u>-</u>	<u>(249,237)</u>
<i>Reconciliation of segment result to group net profit/loss before tax</i>				
i. Amounts not included in segment result but reviewed by Board				
— Depreciation and amortisation	(10,607)	(10,164)	-	(20,771)
ii. Unallocated items				
— Finance costs				<u>(61,839)</u>
Net loss before tax from continuing operations				<u>(331,847)</u>

6 months ended 31 December 2012

Primary reporting: Business Segments:

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2013

NOTE 8: SEGMENT INFORMATION (CONT)

(ii) Segment assets

as at 31 December 2013

Primary reporting: Business Segments:

	Suda	Westcoast	MRC	Total
	\$	\$	\$	\$
Segment assets	9,430,390	2,811,253	10,256,721	22,498,363
<i>Reconciliation of segment assets to group assets</i>				
Intersegment eliminations				(1,169,179)
Total group assets				<u>21,329,184</u>
Segment asset increases for the period:				
— capital expenditure	2,074,474	61,758	27,102	2,163,334
— arising on project development	-	-	2,051,344	2,051,344
	<u>2,074,474</u>	<u>61,758</u>	<u>2,078,446</u>	<u>4,214,678</u>

as at 30 June 2013

Primary reporting: Business Segments:

	Suda	Westcoast	MRC	Total
	\$	\$	\$	\$
Segment assets	2,345,637	1,415,318	8,178,275	11,939,230
<i>Reconciliation of segment assets to group assets</i>				
Intersegment eliminations				(1,210,284)
Total group assets				<u>10,728,946</u>
Segment asset increases for the period:				
— capital expenditure	79,281	10,997	8,178,275	8,268,553
Intersegment eliminations	-	-	(6,640,001)	(6,640,001)
	<u>79,281</u>	<u>10,997</u>	<u>1,538,274</u>	<u>1,628,552</u>

(iii) Segment liabilities

as at 31 December 2013

Primary reporting: Business Segments:

	Suda	Westcoast	MRC	Total
	\$	\$	\$	\$
Segment liabilities	3,717,999	2,142,327	27,102	5,887,428
<i>Reconciliation of segment liabilities to group liabilities</i>				
Intersegment eliminations				(1,169,179)
Total group liabilities				<u>4,718,248</u>

as at 30 June 2013

Primary reporting: Business Segments:

	Suda	Westcoast	MRC	Total
	\$	\$	\$	\$
Segment liabilities	2,122,688	1,964,461	-	4,087,149
<i>Reconciliation of segment liabilities to group liabilities</i>				
Intersegment eliminations				(1,210,284)
Unallocated liabilities:				
— Other financial liabilities				1,162,000
Total group liabilities				<u>4,038,865</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2013

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.

NOTE 10: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date, except for the item below:

At 30 June 2013, the Company reported an action in the District Court between a former Director and the Company in relation to past employment and the hearing date was in October 2013. Judgement was handed down in February 2014 and it was found that the former Director had failed in his action and costs were awarded against the former Director. Refer to Note 10 below.

NOTE 11: EVENTS SUBSEQUENT TO REPORTING DATE

Judgement for legal action brought by a former Director against the Company was handed down in February 2014 and it was found that the former Director had failed in his action and costs were awarded against the former Director.

DIRECTORS' DECLARATION

The Directors of Suda Ltd declare that:

1. the financial statements and notes, as set out on pages 5 to 14 of the consolidated group are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



.....
Stephen Carter
Director



.....
Joseph Ohayon
Director

Dated at Perth this 26th February 2014

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 statement of financial position as at 31 December 2013, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 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*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Suda Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Norman Judd

N G Neill
Partner

Perth, Western Australia
26 February 2014