

ASX Release

SUDA LTD APPENDIX 4C FOR SECOND QUARTER FY2014

- **Receipts from customers in 2Q increased 105% to \$4.1 million quarter on quarter**
- **Net cash as at 31 December 2013 strengthened to \$5.5 million**
- **Westcoast 1H revenues up 195% to \$6.2 million compared to prior comparable period**
- **Westcoast 1H net profit of \$1.2 million compared to loss in prior comparable period**
- **Westcoast secures new growth opportunities in January 2014**

PERTH, AUSTRALIA - 23 January 2014: SUDA LTD (ASX: SUD) today released its Appendix 4C quarterly report for the consolidated group for the second quarter of FY2014. The receipts from customers increased significantly to \$4.1 million in the second quarter compared to \$2.0 million in the first quarter of FY2014. The operating cash loss for the second quarter was \$0.9 million and a one-off payment of \$0.9 million was made to the Company's collaborator on ArTiMist™, ProtoPharma, for the completed ART004 Phase III trial in severe malaria. SUDA's net cash position as at 31 December 2013 was \$5.5 million.

The growth in customer receipts derived from the success of SUDA's fully owned subsidiary, Westcoast Surgical and Medical Supplies (Westcoast). In the first half of FY2014, Westcoast generated revenues of \$6.2 million, up almost 200% compared to \$2.1 million in the prior comparable period (PCP) in FY2013. With a net margin of 20%, Westcoast's net profit for the first half of the year was \$1.2 million compared to a loss in the PCP.

Westcoast is on track to make a significant cash flow contribution to the financial sustainability of SUDA in FY2014. This month, Westcoast launched the novel HemoStyp® wound healing gauze in Australia, and signed a distribution agreement with Ontex Healthcare for Lille branded continence management products in Western Australia.

Commenting on the Appendix 4C and Westcoast's results, Mr Stephen Carter, Chief Executive Officer of SUDA LTD, said: "I am delighted by Westcoast's first half financial results. The business continues to grow strongly and new growth opportunities like HemoStyp® and the Lille continence products will provide an important counterbalance to the seasonal variation of other revenue streams. Our financial position is robust as we look forward to delivering on our goals in CY2014."



Further information:

STEPHEN CARTER

CEO/DIRECTOR

SUDA LTD

Tel: +61 8 6142 5555

sjcarter@sudaltd.com.au

NOTES TO EDITORS:

About SUDA LTD

SUDA LTD (ASX: SUD) is a drug delivery company focused on oro-mucosal administration, headquartered in Perth, Western Australia. The Company is developing low-risk oral sprays using novel formulations of existing off-patent pharmaceuticals. The many potential benefits of administering drugs through the oral mucosa (ie: cheeks, tongue, gums and palate) include ease of use, lower dosage, reduced side effects and faster response time. SUDA's most advanced product is a novel sub-lingual treatment, ArTiMist™, for severe malaria in children. In a Phase III trial, ArTiMist™ was shown to be superior to intravenous quinine. Other development stage products include orals sprays for the treatment of migraine headache, chemotherapy-induced nausea and vomiting and erectile dysfunction. For more information, visit www.sudaltd.com.au

About WESTCOAST

Westcoast Surgical and Medical Supplies Pty Ltd is a fully owned subsidiary of SUDA LTD. Westcoast provides medical supplies to West Australian leading hospitals, aged care facilities, pharmacies, mining companies and other healthcare providers. Westcoast is also the exclusive distributor of a unique wound healing gauze, HemoStyp®, in Australia, New Zealand, New Guinea and the Pacific Islands. For more information, visit www.westcoastsurgical.com.au

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

SUDA LTD

ABN

35 090 987 250

Quarter ended ("current quarter")

31st December 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter	Year to date 6 Months
	\$'000	\$'000
1.1 Receipts from customers	4,079	6,059
1.2 Payments for (a) staff costs	(377)	(655)
(b) advertising and marketing	-	-
(c) research and development	-	-
(d) leased assets	(3)	(6)
(e) other working capital	(4,602)	(6,738)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	19	21
1.5 Interest and other costs of finance paid	(7)	(29)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net operating cash flows	(891)	(1,348)

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

		Current quarter	Year to date
		\$A'000	6 Months \$A'000
1.8	Net operating cash flows (carried forward)	(891)	(1,348)
Cash flows related to investing activities			
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	(912)	(1,444)
	(d) physical non-current assets	(64)	(64)
	(e) other non-current assets	-	-
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other (provide details if material)	-	-
Net investing cash flows		(976)	(1,508)
1.14	Total operating and investing cash flows	(1,867)	(2,856)
Cash flows related to financing activities			
1.15	Proceeds from issues of shares, options, etc.	5,825	6,125
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	455	1,900
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Other (capital raising fees)	(438)	(438)
Net financing cash flows		5,832	7,587
Net increase (decrease) in cash held		3,965	4,731
1.21	Cash at beginning of quarter/year to date	1,553	780
1.22	Exchange rate adjustments to item 1.20	7	14
1.23	Cash at end of quarter	5,525	5,525

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	123
1.25	Aggregate amount of loans to the parties included in item 1.11	Nil

1.26 Explanation necessary for an understanding of the transactions

Payment of Salary and Directors' Fees for the quarter ended 31 st December 2013
--

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	4,050	2,560

Note: As announced on 10 December 2012, Suda Ltd entered into a funding agreement with the Bergen Global Opportunity Fund that will provide up to \$7.6m over 2 years. For the period to 31 December 2013, Suda Ltd had drawn down a total of \$2.2m made up of a convertible security for \$0.6m and issue of shares \$1.6m.

As Suda Ltd had not drawn down the maximum amount of \$0.3m per month, the undrawn monthly component has been lost, leaving an available amount of \$3.6m. This facility has been postponed as announced on 9 December 2013.

In addition to the funding agreement, Suda's subsidiary company, Westcoast Surgical & Medical Supplies Pty Ltd has a debtor finance facility for \$0.45m. As at 31 December 2013, the amount drawn down was \$0.36m

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	5,525	1,553
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	5,525	1,553

Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity	N/A	N/A
5.2 Place of incorporation or registration	N/A	N/A
5.3 Consideration for acquisition or disposal	N/A	N/A
5.4 Total net assets	N/A	N/A
5.5 Nature of business	N/A	N/A

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Date: 23 January 2014

Print name: Director
Stephen Carter

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.