

Appendix 4E (Rule 4.3A)

Results for announcement to the market

Name of entity: **Suda Limited** ABN 35 090 987 250

The current reporting period is the financial year ended 30 June 2017. The previous corresponding period is the financial year ended 30 June 2016.

Revenue / Profit	Movement	Change \$'000	Change %	30 June 2017 \$'000	30 June 2016 \$'000
Revenues from ordinary activities.	Up	1,349	23.0	7,221	5,872
(Loss) from ordinary activities after tax attributable to members.	Down	1,049	45.9	(1,238)	(2,287)
Net (loss) for the period attributable to members.	Down	1,049	45.9	(1,238)	(2,287)

NTA Backing	30 June 2017 Cents	30 June 2016 Cents
Net tangible asset per security	0.14	0.24

Dividends

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

Brief explanation of any of the figures reported above

The revenue increase by \$1,349,770 against the prior year due to:

- i. Upfront payment from Eddingpharm for licence to ZolpiMist™ in China;
- ii. Fee for formulation services from Pfizer Consumer Healthcare; and
- iii. 16% increase in revenues by Westcoast Surgical and Medical Supplies

Audit Status

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

SUDA LTD

AND CONTROLLED ENTITIES

ABN: 35 090 987 250

Preliminary Final Report For The Year Ended

30 June 2017

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 \$1,238,309 (2016: \$2,286,813). The loss decreased by 46% on the loss reported for the year ended 30 June 2016. Key developments during the year are explained below.

Significant events

The significant events during the 2016-17 financial year were:

i. Licence Agreement

SUDA LTD and Eddingpharm (Asia) Macao Commercial Offshore Limited (Eddingpharm), a leading Chinese pharmaceutical company entered into an exclusive license and supply agreement for the development and commercialisation of SUDA's novel ZolpiMist™ oral spray of zolpidem tartrate to treat insomnia in China. Once approved by the Chinese Food and Drug Administration, ZolpiMist will be the first-imported, fast-acting, oral spray of zolpidem tartrate available in China.

Under the terms of the agreement, SUDA received an upfront cash payment of US\$300,000 (approx. A\$400,000) and is entitled to receive a further milestone payment of US\$200,000 (approx. A\$260,000) following registration of the product in China. In addition, once ZolpiMist is registered for sale in China, SUDA will receive escalating tiered royalties on net sales in the territory. The total value of the deal could exceed US\$26 million (approx. A\$34 million) based on Eddingpharm's forecast sales for the first 15 years from launch.

ii. New patent

SUDA has filed a provisional patent application with IP Australia for a novel mucosal penetration drug delivery technology. The application was filed under the international Patent Cooperation Treaty (PCT), which enables SUDA to seek patent protection for its technology in more than 145 countries.

The technical field of the provisional patent application is entitled: '*A method for modifying the penetration of active agents through mucosal membranes using hydrotopes.*' It is based on positive results from *ex-vivo* and *in-vivo* studies evaluating SUDA's new-generation formulation of SUD-003 sildenafil oral spray for erectile dysfunction, together with *in-vitro* data investigating the technology with a broad range of other molecular drug classes.

The patent application is entering the national phase in November 2017.

iii. Feasibility study with Pfizer

SUDA entered into a feasibility and option agreement with Pfizer Consumer Healthcare. Under the agreed work plan, SUDA is applying its proprietary OroMist® oro-mucosal spray technology to two over-the-counter (OTC) molecules for evaluation by Pfizer.

iv. ArTiMist® oral spray for the treatment of paediatric malaria

SUDA submitted, and the Australian Therapeutic Goods Administration (TGA) accepted for review, the Marketing Authorisation Application (MAA) for ArTiMist® (artemether sublingual spray) for the treatment of children with severe malaria.

SUDA has commenced pre-planning for a product launch. This has included negotiations around manufacture and supply chain logistics, pricing models and distribution channels. A number of parties with a distribution footprint and extensive experience in Africa have expressed interest in entering into partnership with SUDA.

v. Westcoast Surgical & Medical Supplies (Westcoast)

Westcoast's revenue increased by \$967,826 to \$6,753,628 and generated a profit of \$119,332 (2016: loss \$416,961). Westcoast operates in the hospitals, aged care, allied and mining sectors. In 2016/2017, Westcoast was awarded several new contracts, including the supply of medical products to oil rigs, ships, custom vessels and floatels.

SUDA LTD ABN 35 090 987 250 AND CONTROLLED ENTITIES
PRELIMINARY FINAL REPORT – APPENDIX 4E

vi. Capital raising

SUDA successfully raised \$1.5 million via an over-subscribed placement of 75 million fully paid ordinary shares at a price of \$0.02 per share (“**Placement**”). The Placement was fully underwritten.

vii. Rolled over 2015 convertible notes

SUDA amended the terms of its Convertible Notes, including extending the maturity date, and has raised a net amount of \$0.27m in new Convertible Notes in an over-subscribed offering.

SUDA previously issued \$1.73m Convertible Notes that matured on 31 March 2017. Of these, \$0.47m were redeemed and the balance of \$1.26m Convertible Notes was rolled over for a further two years with a maturity date of 31 March 2019. In addition, the Company issued \$0.74m new Convertible Notes including \$0.45m to Related Parties which are subject to shareholder approval. Pending approval, the total of new convertible notes will be \$2.00m.

viii. Statement of claim received from HC Berlin Pharma AG

As reported on 3 June 2016, the Receiver issued a Statement of Claim on SUDA for €4 million plus 5% interest and costs from August 2008. This relates to an alleged failed in-kind capital contribution in 2008 when SUDA licensed manufacturing rights for SUDA’s anti-malarial spray ArTiMist® to HC Berlin Pharma, allegedly for 8 million one euro shares. SUDA took legal advice and believed that the claim was without merit. The matter was discussed in the 2016 Annual Accounts.

In a closed hearing on Friday 20 January 2017 in the German courts, the judge ruled that the original 2008 in-kind contribution had failed and was thus invalid.

SUDA is entitled to, and initiated, an Appeal against the court judgement. Based on legal advice, the Board of SUDA believes the judgment contains both errors in fact and in law. Upon lodgement of the Notice to Appeal by SUDA the judgement against SUDA is automatically stayed in Germany and cannot be enforced unless the Receiver places a security equal to the judgement plus 10% (€4.4 million) with the courts.

SUDA lodged its appeal in August 2017.

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 2017.

After Balance Date Events

In July 2017, SUDA entered into an exclusive licence and supply agreement with Teva Pharmaceuticals International GmbH, an affiliate of Teva Pharmaceutical Industries Limited (“Teva”), for SUDA’s ZolpiMist™ oral spray for insomnia in multiple countries. Teva is a leading global pharmaceutical company and the world’s largest generic medicines producer. SUDA 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.

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 less the supply price.

The Board thanks our shareholders for their ongoing support and looks forward to an exciting 2017/18 year.

SUDA LTD ABN: 35 090 987 250 AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	Group	
		2017	2016
		\$	\$
Revenues	2	7,221,385	5,871,615
Other income	2	110,903	74,681
Raw materials and consumables used	3	(5,541,205)	(5,044,696)
Employee benefits expense		(2,180,829)	(2,301,495)
Depreciation and amortisation expense		(124,247)	(122,363)
Finance costs	3	(223,450)	(209,556)
Other expenses		(1,292,866)	(1,320,784)
Loss before income tax		(2,030,309)	(3,052,598)
Income tax benefit		792,000	765,785
Net loss for the period		(1,238,309)	(2,286,813)
Total comprehensive loss for the period		(1,238,309)	(2,286,813)
Loss and total comprehensive loss attributable to:			
Owners of the parent		(1,238,309)	(2,286,813)
Non-controlling interests		-	-
		<u>(1,238,309)</u>	<u>(2,286,813)</u>
Earnings per share			
Basic loss per share (cents)	4	(0.11)	(0.20)
Diluted loss per share (cents)	4	(0.11)	(0.20)

The accompanying notes form part of these financial statements.

SUDA LTD ABN: 35 090 987 250 AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	Group	
		2017	2016
		\$	\$
CURRENT ASSETS			
Cash & cash equivalents		1,769,812	2,448,771
Trade & other receivables		1,607,802	1,517,120
Inventories		1,110,718	1,132,177
Other assets		121,736	194,930
TOTAL CURRENT ASSETS		4,610,068	5,292,998
NON-CURRENT ASSETS			
Property, plant and equipment		232,079	271,763
Intangible assets		15,173,396	13,950,723
TOTAL NON-CURRENT ASSETS		15,405,475	14,222,486
TOTAL ASSETS		20,015,543	19,515,484
CURRENT LIABILITIES			
Trade & other payables		1,360,689	1,179,271
Borrowings		-	1,730,000
TOTAL CURRENT LIABILITIES		1,360,689	2,909,271
NON-CURRENT LIABILITIES			
Borrowings		1,802,500	-
TOTAL NON-CURRENT LIABILITIES		1,802,500	-
TOTAL LIABILITIES		3,163,189	2,909,271
NET ASSETS		16,852,354	16,606,213
EQUITY			
Issued capital	6	57,138,713	55,716,942
Reserves		2,171,201	2,108,522
Accumulated losses		(42,457,560)	(41,219,251)
TOTAL EQUITY		16,852,354	16,606,213

The accompanying notes form part of these financial statements.

SUDA LTD ABN: 35 090 987 250 AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Issued Capital	Accumulated Losses	Share-based Payments Reserve	Minority Interest Acquisition Reserve	Non- controlling interests	Total
	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2015	55,573,622	(38,932,438)	628,255	-	2,031,148	19,300,587
Shares issued during the year	143,320	-	-	-	-	143,320
Recognition of share-based payments expense	-	-	76,000	-	-	76,000
Acquisition of minority shareholding	-	-	-	-	(2,031,148)	(2,031,148)
Project development reserve on acquisition of minority shareholding	-	-	-	1,404,267	-	1,404,267
Loss for the year attributable to members of the parent entity	-	(2,286,813)	-	-	-	(2,286,813)
Balance as at 30 June 2016	55,716,942	(41,219,251)	704,255	1,404,267	-	16,606,213
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

The accompanying notes form part of these financial statements.

SUDA LTD ABN: 35 090 987 250 AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Group	
	2017	2016
	\$	\$
CASH FLOWS FROM OPERATIONS		
Receipts from customers	7,082,135	5,889,989
Payments to suppliers	(8,667,742)	(8,338,004)
Receipts for R&D tax concession	856,656	687,626
Interest received	23,727	109,651
Finance costs	(149,000)	(151,365)
Net cash outflows from operations	<u>(854,224)</u>	<u>(1,802,103)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(84,563)	(65,328)
Payments for intangible assets	(1,222,672)	(1,396,273)
Payments for equity investments	-	(647,077)
Proceeds from sale of property, plant and equipment	-	38,605
Net cash outflows from investing activities	<u>(1,307,235)</u>	<u>(2,070,073)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,500,000	-
Proceeds from borrowings	542,500	1,025,000
Repayment of borrowings	(470,000)	(920,000)
Payments for capital raising costs	(90,000)	(36,000)
Net cash provided by financing activities	<u>1,482,500</u>	<u>69,000</u>
Net (decrease) / increase in cash and cash equivalents	(678,959)	(3,803,176)
Cash and cash equivalents at the beginning of year	<u>2,448,771</u>	<u>6,251,947</u>
Cash and cash equivalents at the end of year	<u><u>1,769,812</u></u>	<u><u>2,448,771</u></u>

Reconciliation of Cash and Cash Equivalents

	2017	2016
	\$	\$
Cash at bank and in hand	<u>1,769,812</u>	<u>2,448,771</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>1,769,812</u>	<u>2,448,771</u>
	<u><u>1,769,812</u></u>	<u><u>2,448,771</u></u>

The accompanying notes form part of these financial statements.

SUDA LTD ABN: 35 090 987 250 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

The preliminary final report of the Company for the year ended 30 June 2017 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	
	2017	2016
	\$	\$
Sales Revenue		
— sale of goods	7,197,657	5,785,802
Other Revenue		
— interest received from other persons	23,728	85,813
Total Sales Revenue and Other Revenue	7,221,385	5,871,615
Other Income		
— gain on disposal of property, plant and equipment	-	78
— other income	110,903	74,603
Total Other Income	110,903	74,681

Note 3 Loss for the Year

	Consolidated Group	
	2017	2016
	\$	\$
(a) Expenses		
Cost of sales	5,477,929	4,619,427
Write-down inventories to net realisable value	63,276	27,794
Write-off of obsolete stock	-	397,475
	5,541,205	5,044,696
(b) Finance costs		
Interest expense on financial liabilities through profit or loss:		
— Other persons	223,450	209,556
	223,450	209,556

SUDA LTD ABN: 35 090 987 250 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Note 4 Earnings per Share

		Consolidated Group	
		2017	2016
		\$	\$
(a)	Reconciliation of earnings to profit or loss		
	Loss	(1,238,309)	(2,286,813)
	Earnings used to calculate basic EPS	<u>(1,238,309)</u>	<u>(2,286,813)</u>
	Earnings used in the calculation of dilutive EPS	<u>(1,238,309)</u>	<u>(2,286,813)</u>
		No.	No.
(b)	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	<u>1,155,909,911</u>	<u>1,139,508,407</u>

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

Note 5 Controlled Entities

Controlled Entities Consolidated	Country of Incorporation	Percentage Owned (%)	
		2017	2016
Subsidiaries of Suda Ltd:			
Westcoast Surgical and Medical Supplies Pty Ltd	Australia	100	100
Malaria Research Company Pty Ltd	Australia	100	100
Eastland CN Nominees Pty Ltd	Australia	100	100
Suda Europe Ltd	United Kingdom	100	100

Note 6 Issued Capital

		Consolidated Group	
		2017	2016
		\$	\$
Gross capital proceeds		59,588,622	58,014,172
Capital raising costs		<u>(2,449,909)</u>	<u>(2,297,230)</u>
1,219,858,520 (2016: 1,141,272,286) fully paid ordinary shares		<u>57,138,713</u>	<u>55,716,942</u>

Ordinary Shares

		No.	No.
At the beginning of reporting period		1,141,272,286	1,136,010,587
Shares issued 1 July 2015 to 30 June 2016		-	5,261,699
Shares issued during year:			
- settlement of premium on redemption of convertible notes		2,657,411	-
- placement		75,000,000	-
- settlement of interest on convertible notes		885,345	-
- Employee Share Scheme		43,478	-
At reporting date		<u>1,219,858,520</u>	<u>1,141,272,286</u>