Appendix 4D

Half Year Ended 31 December 2018

1. Name of entity

SUDA PHARMACEUTICALS LTD AND CONTROLLED ENTITIES

ABN	Half year ended ('current period')
35 090 987 250	31 December 2018

	Revenue / Profit	Movement	Change (%)	31 Dec 18 $'000	31 Dec 17 $'000
2.1	Revenues from ordinary activities	Up	108%	823	395
2.2	Loss from ordinary activities after tax attributable to members	Down	61%	(870)	(2,226)
2.3	Net loss for the period attributable to members	Down	61%	(870)	(2,223)

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 2018 were:

1. SUDA secured three new agreements:

   i. Development, Licence and Supply Agreement with Strides Pharma Global;
   ii. Feasibility Agreement with Zelda Therapeutics; and
   iii. Licence Agreement with Mitsubishi Tanabe Singapore.

All the agreements generated an upfront fee component which is reflected in the revenues for the Group and explains the increase in revenue by 108%.

2. SUDA completed a rights issue and placement

The Company completed a rights issue on 26 July 2018 whereby the Company raised $6,120,709 (before costs) and issued 1,224,141,804 shares and 612,070,902 free attaching, listed options.

The Company completed a placement as the rights issue was oversubscribed and raised an additional $668,376 and issued 133,675,525 shares and 66,837,732 free attaching, listed options.

Earnings per Share	31 December 2018	31 December 2017
Basic loss per share (cents)	(0.04)	(0.18)
Diluted loss per share (cents)	(0.04)	(0.18)
Number of shares	2,581,959,133	1,221,425,388
Net tangible assets	$1,419,582	($848,944)
Net tangible assets per share (cents)	0.05	(0.07)

Compliance statement

1. An interim report for the half year ended 31 December 2018 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 2019

SUDA PHARMACEUTICALS LTD

AND CONTROLLED ENTITIES

(ABN 35 090 987 250)

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Index

CORPORATE DIRECTORY

Directors	Mr. Stephen Carter Mr. David Phillips Mr. Joseph Ohayon	Executive Chairman Non-Executive Director Executive Director
Company Secretary	Mr. Joseph Ohayon	
Registered Office	Suda Pharmaceuticals Ltd ABN 35 090 987 250 Level 1, Unit 12, 55 Howe Street Osborne Park, WA 6017 Telephone Facsimile Email Website	 PO Box 1719 Osborne Park BC, WA 6916 (08) 6142 5555 (08) 9443 8858 info@sudapharma.com www.sudapharma.com
Share Registry	Advanced Share Registry Services 110 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 Ltd Exchange Plaza 2 The Esplanade Perth, WA 6000 Listing code: Ordinary Shares Listed Options	 SUD SUDOC

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 2018. 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 Chairman
Mr David Phillips	Non-Executive Director
Mr Joseph Ohayon	Executive Director

Review and results of operations

The revenue for the period was $822,980 (2017: $395,048). The increase in revenue was due to the Company entering into 3 new agreements (discussed below). The loss before income tax of the Group was $870,306 (2017: $2,226,403) a decrease of 61%.

Some of the highlights during the period included:

1. Rights Issue, additional placement and redemption of convertible notes

The Company raised $6,120,709 (before fees) through a rights issue (issued 1,224,141,804 fully paid ordinary shares and 612,070,902 free attaching, listed options) and an additional placement of $668,376 (issued 133,675,525 fully paid ordinary shares and 678,908,732 free attaching, listed options).

As part of the rights issue, all the convertible noteholders redeemed their convertible notes and subscribed to the shortfall from the rights issue. The number of convertible notes on issue at 30 June 2018 was 2,002,500 and the total redemption amount, including a redemption premium and interest to redemption date, was $2,156,025.

2. The Company signed 3 new agreements

i. Sumatriptan development, licence and supply agreement with Strides Pharma Global

As announced on 5 November 2018, the Company entered into an exclusive product development, licence and supply agreement with Strides Pharma Global Pte Ltd, a fully-owned subsidiary of Strides Pharma Science Ltd, ("Strides") for the development (fully funded by Strides) and commercialisation of SUDA's novel fast acting oral spray of sumatriptan to treat migraine headache for the United States.

The product will be a formulation of sumatriptan utilising the Company's proprietary OroMist® hydrotrope technology. Once approved by the US Food and Drug Administration (FDA), the product would be the first novel fast-acting oral spray of sumatriptan in the US market.

The Company received an upfront payment of US$400,000 and will receive a further US$600,000 on reaching certain milestones.

ii. Cannabinoid feasibility agreement with Zelda Therapeutics

As announced on 6 December 2018, the Company entered into a fully funded feasibility and option agreement with Zelda Therapeutics Ltd ("Zelda") to develop an oral spray of pharmaceutical-grade cannabinoid derivatives. Under the terms of the Agreement Zelda will pay SUDA an option fee of $200,000 consisting of an upfront of $100,000 and a further $100,000 in downstream milestone payments. Zelda will also fund the formulation work.

iii. ZolpiMist licence agreement with Mitsubishi Tanabe Singapore

As announced on 19 December 2018, the Company entered into an exclusive license agreement with Mitsubishi Tanabe Pharma Singapore Pte Ltd (MTPS) a wholly owned subsidiary of Mitsubishi Tanabe Pharma Corporation. SUDA invoiced MTPS for US$100,000 being the upfront fee as per the agreement.

The Agreement is for an exclusive licence for, and supply of, ZolpiMist for the Philippines, Malaysia and Singapore and options for Thailand, Indonesia, Vietnam, Myanmar, Cambodia, Laos and Brunei. SUDA will receive an upfront fee of US$100,000 and milestone payments based on MTPS obtaining regulatory approval of US$40,000 per country as well as commercial milestone payments based on MTPS achieving sales targets of the product with a maximum milestone payment of US$650,000.

3. GMP Licence

SUDA was awarded a licence to manufacture therapeutic goods (GMP Licence) from the Australian Therapeutic Goods Administration, Australia's peak pharmaceutical regulatory authority. The GMP Licence allows SUDA to carry out testing and release for supply of therapeutic goods within the licenced categories of non-sterile solutions, sprays and Active Pharmaceutical Ingredients.

After balance date events

There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

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 2018.

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 2019

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Suda Pharmaceuticals Limited for the half-year ended 31 December 2018, 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	**L Di Giallonardo**
28 February 2019	**Partner**

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849
T: +61 (0)8 9227 7500 E: mailbox@hlbwa.com.au

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the half year ended 31 December 2018

	Note	Group 31 Dec 2018 $	Group 31 Dec 2017 $
Revenue from contracts with customers	3	822,980	395,048
Interest income		17,240	1,706
Other income		31,695	8,379
Raw materials and consumables used		(24,085)	(153,831)
Employee benefits expense		(560,247)	(654,233)
Amortisation expense		(174,702)	(29,500)
Depreciation expense		(51,000)	(48,096)
Finance costs		(121,838)	(73,697)
Other expenses		(810,349)	(1,672,179)
Loss before income tax		**(870,306)**	**(2,226,403)**
Income tax benefit		-	-
Loss after tax from continuing operations		**(870,306)**	**(2,226,403)**
Discontinued operation			
Profit after tax from discontinued operation		-	3,084
Net loss for the period		**(870,306)**	**(2,223,319)**
Other comprehensive income		**-**	**-**
Total comprehensive loss for the period		**(870,306)**	**(2,223,319)**
Earnings per share			
From continuing operations			
- Basic and diluted loss per share (cents)		(0.04)	(0.18)
From discontinued operations			
- Basic and diluted loss per share (cents)		(0.00)	(0.00)

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2018

	Note	Group	
		31 Dec 2018	30 Jun 2018
		$	$
ASSETS			
Current assets			
Cash and cash equivalents		2,764,571	98,125
Trade and other receivables		265,876	790,728
Inventories		72,971	97,971
Other assets		85,069	83,932
Total current assets		**3,188,487**	**1,070,756**
Non-current assets			
Property, plant and equipment		360,172	172,689
Intangible assets	4	15,765,274	15,398,790
Total non-current assets		**16,125,446**	**15,571,479**
Total assets		**19,313,933**	**16,642,235**
LIABILITIES			
Current liabilities			
Trade and other payables		1,181,986	1,811,936
Borrowings	5	20,912	2,023,412
Total current liabilities		**1,202,898**	**3,835,348**
Non-current liabilities			
Trade and other payables		910,353	1,316,000
Borrowings		15,826	26,171
Total non-current liabilities		**926,179**	**1,342,171**
Total liabilities		**2,129,077**	**5,177,519**
Net assets		**17,184,856**	**11,464,716**
EQUITY			
Issued capital	7	63,755,159	57,204,713
Reserves		2,216,841	2,176,841
Accumulated losses		(48,787,144)	(47,916,838)
TOTAL EQUITY		**17,184,856**	**11,464,716**

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2018

	Notes	Issued Capital $	Accumulated Losses $	Share-based Payment Reserve $	Minority Interest Acquisition $	Total $
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
Balance as at 1 July 2018		57,204,713	(47,916,838)	772,574	1,404,267	11,464,716
Shares issued during the half year	7	6,789,087	-	-	-	6,789,087
Share issue costs	7	(238,641)	-	40,000	-	(198,641)
Loss for the period		-	(870,306)	-	-	(870,306)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the period		-	(870,306)	-	-	(870,306)
Balance as at 31 December 2018		63,755,159	(48,787,144)	812,574	1,404,267	17,184,856

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 31 December 2018

		Group	
		31 Dec 2018	**31 Dec 2017**
	Notes	**$**	**$**
Cash flows from operating activities			
Receipts from customers		603,300	3,949,556
Payments to suppliers and employees		(2,416,773)	(5,519,129)
Receipts for R&D tax incentives		745,245	662,877
Interest received		17,240	1,705
Finance costs		(8,963)	(45,701)
Net cash (outflow) from operating operations		(1,059,951)	(950,693)
Cash flows from investing activities			
Payment for development of products		(460,541)	(367,722)
Payment for property, plant & equipment		(247,482)	(28,926)
Net cash (outflow) from investing activities		(708,023)	(396,648)
Cash flows from financing activities			
Proceeds from share issues (net of capital raising costs)	7	4,434,421	-
Repayment of borrowings		(140,000)	-
Proceeds from borrowings		140,000	200,000
Net cash inflow from financing activities		4,434,421	200,000
Net increase / (decrease) in cash held		2,666,447	(1,147,341)
Cash and cash equivalents at the begining of period		98,125	1,769,812
Cash and cash equivalents at the end of period		2,764,572	622,471

The accompanying notes form part of these financial statements.

NOTE 1: SUMMARY OF ACCOUNTING POLICIES

(a) Basis of preparation

The condensed interim consolidated financial report (the interim financial report) is a general purpose financial report and has been 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 report comprises the condensed interim financial report for the Group. For the purposes of preparing the interim financial report, the Company is a for-profit entity.

The interim financial report does 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 that the interim financial report be read in conjunction with the full financial report for the year ended 30 June 2018 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, except for the impact of the new Standards and Interpretations effective 1 July 2018 disclosed in section 1(b). These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The interim financial report has been prepared on an historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets.

The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

(b) Adoption of new and revised standards

Standards and Interpretations applicable to 31 December 2018

In the period ended 31 December 2018, 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 reporting periods beginning on or after 1 July 2018.

As a result of this review, the Group has initially applied AASB 9 and AASB 15 from 1 July 2018.

Due to the transition methods chosen by the Group in applying AASB 9 and AASB 15, comparative information throughout the interim financial report has not been restated to reflect the requirements of the new standards.

AASB 9 Financial Instruments

AASB 9 replaces the existing guidance in AASB 139 *Financial Instruments: Recognition and Measurement* and makes changes to a number of areas including classification of financial instruments, measurement, impairment of financial assets and hedge accounting model.

Financial instruments are classified as either held at amortised cost or fair value.

Financial instruments are carried at amortised cost if the business model concept can be satisfied.

The AASB 9 impairment model is based on expected loss at day one rather than needing evidence of an incurred loss. This is likely to cause earlier recognition of bad debt expenses. Most financial instruments held at fair value are exempt from impairment testing.

The Group has applied AASB 9 retrospectively with the effect on initially applying this standard recognised at the date of initial application, being 1 July 2018, and has elected not to restate comparative information. Accordingly, the information presented for 31 December 2017 and 30 June 2018 has not been restated.

There is no material impact to profit or loss or net assets on the adoption of this new standard in the current or comparative years.

AASB 15 Revenue from Contracts with Customers (refer to Note 3)

AASB 15 replaces AASB 118 *Revenue* and AASB 111 *Construction Contracts* and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (CONT)

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the half-year ended 31 December 2018.

As a result of this review the Directors have determined that AASB 16 *Leases* may have a material effect on the application in future periods.

AASB 16 replaces AASB 117 *Leases* and related interpretations.

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 statement of financial position by recognising a lease liability for the present value obligation and a 'right of use' asset. The right of use asset is calculated based on the lease liability plus initial direct costs, prepaid lease payments and estimated restoration costs less lease incentives received. This will result in an increase in the recognised assets and liabilities in the statement of financial position as well as a change in the expense recognition with interest and depreciation replacing operating lease expense. Operating lease commitments payable as at 31 December 2018 was $119,475 of which $112,350 relates to the property leases and $7,125 to operating lease for equipment. The operating lease for equipment will be capitalised on the statement of financial position by recognising lease liabilities for the present value obligation and a "right to use' asset.

There are exemptions for short-term leases and leases of low-value items.

AASB 16 is effective from annual reporting periods beginning on or after 1 January 2019. A lessee can choose to apply the Standard using a full retrospective or modified retrospective approach.

There is no material impact of the new and revised Standards and Interpretations on the Group and therefore, no material change is necessary to Group accounting policies.

(c) Statement of compliance

The interim financial report was authorised for issue on 28 February 2019.

The interim financial report complies 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 report and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Significant accounting estimates and judgements

The preparation of the interim financial reports 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 report, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial report for the year ended 30 June 2018, except for the impact of the new Standards and Interpretations effective 1 July 2018 as disclosed in section 1(b).

NOTE 2: 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

Management currently identifies the following operating segments:

i. Suda: the pharmaceutical development segments and performs research and development to create new human pharmaceutical products by combining proven drugs with innovated, patented, delivery technologies.

ii. Malaria Research Company (MRC): pharmaceutical development segment for the treatment of malaria, i.e. ArTiMist® project.

The operating segments are monitored by the Group's Chief Operating Decision Maker and strategic decisions are made on the basis of adjusted segment operating results.

The accounting policies of the reportable segments are the same as Group accounting policies.

Segment information

The following tables present revenue and profit information and certain asset and liability information regarding business segments for the half years ended 31 December 2018 and 31 December 2017.

	Continuing operations		Discontinued operations	Unallocated items	
Primary reporting: Business Segments:	**Suda**	**MRC**	**Westcoast**		**Total**
	$	**$**	**$**	**$**	**$**
6 months ended 31 December 2018					
Segment revenue[1]	822,980	-	-	-	822,980
Segment profit/(loss)	(843,670)	(26,636)	-	-	(870,306)
Segment assets	7,768,662	12,206,095	-	(660,824)	19,313,933
Segment liabilities	2,128,231	257	-	589	2,129,077

Note 1: The revenue reported above represents revenue generated from external customers. Intersegment revenues have been eliminated.

	Suda	MRC	Westcoast	Unallocated items	Total
6 months ended 31 December 2017					
Segment revenue[2]	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[3]	5,572,986	11,757,065	1,577,652	(620,214)	18,287,489
Segment liabilities[3]	2,618,159	-	978,783	27,872	3,624,814

Note 2: The revenue reported above represents revenue generated from external customers. Intersegment revenues have been eliminated.

Note 3: The segment assets and segment liabilities have been restated to eliminate inter-segment balances in continuing operations.

NOTE 3: REVENUE FROM CONTRACTS WITH CUSTOMERS

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 *Revenue* and AASB 111 *Construction Contracts* and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, including in respect of multiple element arrangements. 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 or 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 adopted AASB 15 using the modified retrospective method of adoption (without practical expedients) with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2018. Accordingly, the information presented for 31 December 2017 and 30 June 2018 has not been restated. The effect of the application of AASB 15 has been applied to all contracts at date of initial application. Where the effect is material, an adjustment has been recognised in the statement of changes in equity for the six months ended 31 December 2018.

The Group is in the business of providing sale or licensing of its products and the provision of product development services.

1. *Sale or license of goods*

The Group revenue relates to the sale or licensing of its products whereby the Company receives upfront fees, milestone payments and royalties. The Group also provides co-development services whereby the Company develops a project in conjunction with its partner and is funded by the partner.

The Group currently recognises revenue at a point in time. The Company receives a non-refundable upfront fee on signing an agreement. The Company will receive milestone payments once pre-defined milestones have been reached and the Company will receive royalties once the licensee or partner has commenced commercial sales. The Company invoices for co-development costs on a monthly basis.

If the Company is obliged to supply the product under the various agreements, the Company will invoice the licensee/partner when the goods are shipped.

There is no material impact to profit or loss or net assets on the adoption of this new standard in the current or comparative years.

The amount of revenue to be recognised is affected by variable consideration.

i. Variable consideration

Some agreements provide customers with a right of return.

The licensee may be entitled to return the goods within a defined period of time if they are deemed to be defective. The Company, in conjunction with the licensee/partner, will determine the cause of the defective products. The Company, and its Contract Manufacturing Organisation, may be obliged to correct the defective products.

2. *Advances received from partner/licensee*

The Company receive advances from a partner or licensee in relation to further development of the product. These advances received are matched against related costs associated with the development of the product.

There is no material impact to profit or loss or net assets on the adoption of this new standard in the current or comparative years.

The Group derives its revenue from the sale or licence of goods and the provision of services at a point in time and over time in the timing of transfer of goods or service (for example, revenue from goods or services transferred to customers at a point in time and revenue from goods or services transferred over time). This is consistent with the revenue information that is disclosed for each reportable segment under AASB 8 (see note 2).

NOTE 3: REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT)

	Six months to 31 Dec 2018 $
At a point in time	
Sale or license of goods	797,280
Co-development revenue	25,700
Over time	
Sale or license of goods	-
Co-development revenue	-
Total revenue	822,980

NOTE 4: INTANGIBLE ASSETS

	31 Dec 2018 $	30 June 2018 $
Development Costs		
Opening balance as at 1 July	15,398,790	15,173,396
Additions for the period	541,186	844,333
Amortisation for the period	(174,702)	(59,000)
Impairment	-	(559,939)
Net carrying value	15,765,274	15,398,790

NOTE 5: BORROWINGS

	31 Dec 2018 $	30 June 2018 $
Current		
Secured		
Convertible Notes (note i)	-	2,002,500
Leases	20,912	20,912
	20,912	2,023,412

Note i: As part of the rights issue, all the convertible noteholders redeemed their convertible notes and subscribed to the shortfall from the rights issue. The number of convertible notes on issue at 30 June 2018 was 2,002,500 and the total redemption amount, including a redemption premium and interest to redemption date, was $2,156,025.

	31 Dec 2018 $	30 June 2018 $
Balance at beginning of period	2,023,412	1,802,500
Additional convertible notes	-	200,000
Lease liability	-	20,912
Interest and redemption premium on convertible notes	153,525	-
Redemption of convertibles notes inclusive of interest and redemption premium	(2,156,025)	-
Closing balance at end of period	20,912	2,023,412

NOTE 6: DIVIDENDS

The Board of Directors of Suda Pharmaceuticals Ltd does not recommend the payment of an interim dividend for the period ended 31 December 2018.

NOTE 7: ISSUED CAPITAL

	Consolidated	
(a) Ordinary Shares	Six months to 31 Dec 2018 **$**	Year to 30 June 2018 **$**
2,581,959,133 Ordinary shares Issued and fully paid	63,755,159	57,204,713

Movement in ordinary shares on issue	Six months to 31 December 2018		Year to 30 June 2018	
	Number	$	Number	$
Balance at beginning of period	1,224,141,804	57,204,713	1,219,858,520	57,138,713
Shares issued during the previous year (net of costs)	-	-	4,283,284	66,000
Shares issued during the period:				
- Rights issue	1,224,141,804	6,120,709	-	-
- Placement	133,675,525	668,378	-	-
Share issue costs	-	(238,641)	-	-
Balance at end of the period	2,581,959,133	63,755,159	1,224,141,804	57,204,713

As part of the rights issue, all the convertible noteholders redeemed their convertible notes and subscribed to the shortfall from the rights issue. The number of convertible notes on issue at 30 June 2018 was 2,002,500 and the total redemption amount, including a redemption premium and interest to redemption date, was $2,156,025.

Reconciliation of capital raising to proceeds from share issue	$
Rights issue and Placement, as above	6,789,087
Add: share issue costs settled in options	40,000
Less: share issue costs	(238,641)
Less: redemption of convertible notes	(2,156,025)
Proceeds from share issue (net of capital raising costs)	4,434,421

NOTE 8: EVENTS SUBSEQUENT TO BALANCE DATE

There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

NOTE 9: COMMITMENTS AND CONTINGENCIES

There has been no change in contingent liabilities since the last annual reporting date with the exception to the guarantees in relation to the convertible notes which had been fully redeemed in the period.

NOTE 10: FINANCIAL INSTRUMENTS

The Group has a number of financial instruments which are not measured at fair value in the statement of financial position. The Directors consider that the carrying amounts of these financial assets and liabilities are a reasonable approximation of their fair values.

DIRECTORS' DECLARATION

The Directors of Suda Pharmaceuticals Ltd ("Company") declare that:

1. the attached financial report 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 2018 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
Executive Chairman

Dated at Perth this 28th February 2019

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Suda Pharmaceuticals Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Suda Pharmaceuticals Limited ("the Group") which comprises the condensed consolidated statement of financial position as at 31 December 2018, 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 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 2018 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*.

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 2018 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 Group, 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.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
28 February 2019

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Partner