



ASX RELEASE

28 April 2017

March Quarter Update

Key Highlights:

- Paradigm achieves major milestone with the successful treatment of last participant in Phase 2 allergic rhinitis (hay fever) clinical trial in Lund, Sweden.
- Read-out of Phase 2 hay fever data by end of Q2 CY2017.
- Strong cash balance of \$4.11 million, supported by R&D Tax Incentive rebate of \$1.34 million.
- Interim results from the Phase 2 trial for Bone Marrow Edema (bone bruising) expected over the coming months.
- Company expects ethics approval and first participant dosing for its Phase 2 Alphavirus (Ross River virus) clinical trial by end of Q2 CY2017.

Paradigm Biopharmaceuticals Ltd (ASX:PAR) is pleased to provide its quarterly update for the three months ending 31 March 2017 to accompany its Appendix 4C cash flow report for the period.

Clinical Development Progress

Allergic Rhinitis (Hay Fever)

During the quarter, Paradigm Biopharmaceuticals Ltd (Paradigm or the Company) achieved a major milestone in its groundbreaking Phase 2 allergic rhinitis (hay fever) trial, with the successful treatment of the last clinical trial participant.

The Company is pleased to reaffirm that the trial remains on schedule and on budget, with results expected by late June 2017.

Paradigm's lead product being trialled, pentosan polysulfate sodium (PPS), has the potential to be first in class as a dual treatment for both early and late stage hay fever symptoms in one nasal spray. The drug is unique in that it may treat both stages of hay fever, unlike current treatments which only treat the early or late stages of the condition.

The Phase 2 clinical trial is a validated, double blind, placebo controlled, cross-over allergen challenge study treating subjects with allergic rhinitis (hay fever).

The successful treatment of the last participant follows the completion of trial recruitment on schedule in January this year.

Bone Marrow Edema (Bone Bruising)

Paradigm is also progressing well with its Phase 2 trial for bone marrow edema (bone bruising) with 10 participants treated and interim results expected over the coming months.

Paradigm is conducting an open label clinical trial investigating the safety, tolerability and efficacy of ZILOSUL® in participants with a bone marrow edema from a recent anterior cruciate ligament (ACL) injury.

Alphaviruses

The Company is preparing for a Phase 2 Alphavirus clinical trial for Ross River Virus, for which ethics approval followed by first participant dosing are expected by end of Q2 CY2017. The double-blinded trial will treat 24 participants in Queensland and Victoria.

Preparations for a Phase 2 clinical trial for Chikungunya (South America) have also commenced.

Financial and Corporate Update

As at 31 March 2017, the Company's cash balance was \$4.11 million with the cash balance supported by the receipt of an R&D Tax Incentive rebate of \$1.34 million for R&D expenditure undertaken during the 2016 financial year.

Paradigm's strong balance sheet is sufficient to support its ongoing Phase 2 clinical trial program.

The Appendix 4C report attached to this report contains the Company's cash flow statement for the quarter.

During the quarter, Baker Young stockbrokers published a research report: *Hay fever Phase II Trial Nears Completion – Results Readout Q2 – Q3 2017*. Please follow this link to the Paradigm Biopharma website for the complete report: <http://www.paradigmbiopharma.com/investors/media-analyst-reports>

Outlook

Paradigm expects to achieve further significant milestones for all its clinical programs over the remainder of CY2017 after solid progress with its Phase 2 hay fever trial in the March quarter. The Company expects results for this groundbreaking trial in June 2017.

Paradigm's schedule remains busy post the release of the the Phase 2a hay fever results, as the Company progresses to release the interim results of the Phase 2 bone marrow edema (bone bruising) clinical trial and initiate the Phase 2 Alphavirus clinical trial for Ross River Virus.

Paradigm also expects to receive ethics approval over the near term for its pilot study which will be a double-blinded multi-site study to treat 60 participants with early osteoarthritis and bone marrow edema lesions. The pilot study is expected to commence in Q3 CY2017.

"We are confident of achieving significant milestones with all our indications over the remainder of 2017 after treating our last clinical trial participant in our hay fever trial in the March quarter. We look forward to the read out of the results for this trial as we expect significant partnering interest in the event of a positive result. Most pleasingly, we continue to remain on track with our clinical development timeline and expenditure and look forward to updating investors on our progress," said Paradigm Director and Chief Executive Officer, Paul Rennie.

FOR FURTHER INFORMATION PLEASE CONTACT:

Paul Rennie
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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Paradigm Biopharmaceuticals Limited

ABN

94 169 346 963

Quarter ended ("current quarter")

31 March 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(857)	(3,167)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(124)	(365)
(f) administration and corporate costs	(204)	(838)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	8	22
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	1,340	1,340
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	163	(3,008)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(4)	(20)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(d) intellectual property	(1,063)	(1,843)
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(1,067)	(1,863)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	6,504
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(8)	(518)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(8)	5,986

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	5,025	2,998
4.2	Net cash from / (used in) operating activities (item 1.9 above)	163	(3,008)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,067)	(1,863)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(8)	5,986

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	4,113	4,113

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,113	5,025
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,113	5,025

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

60

-

Payments to Chairman and Non-Executive Directors

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	NIL	NIL
8.2 Credit standby arrangements	NIL	NIL
8.3 Other (please specify)	NIL	NIL
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	1,044
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	94
9.6 Administration and corporate costs	210
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	1,348

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	N/A	N/A
10.2 Place of incorporation or registration	N/A	N/A
10.3 Consideration for acquisition or disposal	N/A	N/A
10.4 Total net assets	N/A	N/A
10.5 Nature of business	N/A	N/A

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



28 April 2017

Sign here:
(Director/Company secretary)

Date:

Kevin Hollingsworth

Print name:

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.