

Paradigm Biopharmaceuticals Limited
Appendix 4D
Half Year report

1. Company details

Name of entity: Paradigm Biopharmaceuticals Limited
ABN: 94 169 346 963
Reporting period: 31 December 2018
Previous reporting period: 31 December 2017

2. Results for announcement to the market

	\$	\$ and % increase/(decrease) over previous corresponding period
Revenue from continuing activities	28,140	5,805 25.99%
(Loss) from continuing activities after tax attributable to members	(4,400,269)	827,025 23.14%
Net (loss) for the period attributable to members	(4,400,269)	827,025 23.14%
Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	N/A	N/A
Interim Dividend	N/A	N/A
Record date for determining entitlements to the dividends (if any)	N/A	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood: N/A		

3. Net tangible assets

	Current Period	Previous corresponding period
Basic earnings per ordinary security (cents per share)	(3.03) cents	(2.96) cents
Diluted earnings per ordinary security (cents per share)	(3.03) cents	(2.96) cents
Net tangible asset backing per ordinary security (cents per share)	6.51 cents	4.04 cents

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Audit qualification or review

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been reviewed	☒	The accounts are in the process of being reviewed	☐
If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification: N/A			

7. Attachments

The report of half year ended 31 December 2018 is attached.

8. Signed



Signed _____

Graeme Kaufman
Chairman
21 February 2019



Signed _____

Paul Rennie
Chief Executive Officer and Managing Director
21 February 2019

Paradigm Biopharmaceuticals Limited

ABN 94 169 346 963

Half Year Report - 31 December 2018

Paradigm Biopharmaceuticals Limited
Directors' report
31 December 2018

The directors present their report, together with the financial statements, on the Consolidated Entity consisting of Paradigm Biopharmaceuticals Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

Directors

The following persons were directors of the Consolidated Entity during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Graeme Kaufman
Paul Rennie
Christopher Fullerton
John Gaffney

Principal activities

The principal activities of the Consolidated Entity are researching and developing therapeutic products for human use.

Results

The Consolidated Entity made a loss for the period ended 31 December 2018 of \$4,400,269 (2017: Loss of \$3,573,244).

Significant changes in the state of affairs

In November 2018, the Consolidated Entity raised capital of \$9,000,000 by way of private placement.

In December 2018, the Consolidated Entity announced positive results from 112 subjects in Phase 2B clinical trial of iPPS in knee osteoarthritis pain.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3) (a) of the Corporations Act 2001.

On behalf of the directors



Signed _____

Graeme Kaufman
Chairman
21 February 2019



Signed _____

Paul Rennie
Chief Executive Officer and Managing Director
21 February 2019

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Paradigm Biopharmaceuticals 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:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink, appearing to be 'RSM'.**RSM AUSTRALIA PARTNERS**A handwritten signature in blue ink, appearing to be 'J S Croall'.

J S CROALL
Partner

Dated: 21 February 2019
Melbourne, Victoria

Paradigm Biopharmaceuticals Limited

Contents

31 December 2018

Contents

Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

Consolidated Interim Statement of Financial Position

Consolidated Interim Statement of Changes in Equity

Consolidated Interim Statement of Cash Flows

Notes to the financial statements

Directors' declaration

Independent auditor's review report to the members of Paradigm Biopharmaceuticals Limited

General information

The financial statements cover Paradigm Biopharmaceuticals Limited as a Consolidated Entity, consisting of Paradigm Biopharmaceuticals Limited and its entities (together referred to as the "Consolidated Entity") at the end of the half-year. The financial statements are presented in Australian dollars, which is Paradigm Biopharmaceuticals Limited's functional and presentation currency.

Paradigm Biopharmaceuticals Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

C/-Hollingsworth & Co Pty Ltd
Level 2, 517 Flinders Lane
Melbourne VIC 3000

Telephone: (61-3) 9629 5566

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 21 February 2019.

PARADIGM BIOPHARMACEUTICALS LIMITED
CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
For the half year ended 31 December 2018

	Notes	31 December 2018 \$	31 December 2017 \$
Other income		28,140	22,335
Research and development expenses		(3,188,227)	(2,708,102)
Employee expenses		(493,386)	(364,724)
General and administration expenses		(746,796)	(522,753)
Loss before income tax		(4,400,269)	(3,573,244)
Income tax expense / (benefit)		-	-
Loss for the year		(4,400,269)	(3,573,244)
Other comprehensive income		-	-
Total comprehensive income attributable to members of the Consolidated Entity		(4,400,269)	(3,573,244)
Earnings per share (cents)		(3.03) cents	(2.96) cents

There is no material difference between basic and diluted earnings per share.

The above consolidated interim statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

PARADIGM BIOPHARMACEUTICALS LIMITED
CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Notes	31 December 2018 \$	30 June 2018 \$
ASSETS			
Current assets			
Cash and cash equivalents		9,933,509	2,445,630
Trade and other receivables		455,972	2,734,779
Prepaid expenses		204,846	91,973
Total current assets		10,594,327	5,272,382
Non-current assets			
Intangible assets	2	9,908,815	9,910,242
Plant and equipment		7,476	8,542
Total non-current assets		9,916,291	9,918,784
Total assets		20,510,618	15,191,166
LIABILITIES			
Current liabilities			
Trade and other payables		867,552	1,066,726
Employee benefits		283,909	260,371
Total current liabilities		1,151,461	1,327,097
Net assets		19,359,157	13,864,069
EQUITY			
Issued capital	3	36,426,900	26,940,674
Share options reserve	4	2,439,800	2,030,669
Accumulated losses		(19,507,543)	(15,107,274)
Total equity		19,359,157	13,864,069

The above consolidated interim statement of financial position should be read in conjunction with the accompanying notes

PARADIGM BIOPHARMACEUTICALS LIMITED
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the half year ended 31 December 2018

	Issued Capital \$	Share Option Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2017	21,057,052	1,249,910	(8,917,042)	13,389,920
Loss for the period	-	-	(3,573,244)	(3,573,244)
Shares issued	5,550,000	-	-	5,550,000
Costs in relation to shares issued	(799,157)	-	-	(799,157)
Fair value of shares issued to eligible employees under the plan	-	41,496	-	41,496
Fair value of shares issued to third party under the share-based payment arrangement	-	308,289	-	308,289
Balance at 31 December 2017	25,807,895	1,599,695	(12,490,286)	14,917,304
Balance at 1 July 2018	26,940,674	2,030,669	(15,107,274)	13,864,069
Loss for the period	-	-	(4,400,269)	(4,400,269)
Shares issued	10,135,715	-	-	10,135,715
Costs in relation to shares issued	(649,489)	-	-	(649,489)
Fair value of shares issued to eligible employees under the plan	-	186,963	-	186,963
Fair value of shares issued to third party under the share-based payment arrangement	-	222,168	-	222,168
Balance at 31 December 2018	36,426,900	2,439,800	(19,507,543)	19,359,157

The above consolidated interim statement of changes in equity should be read in conjunction with the accompanying notes

PARADIGM BIOPHARMACEUTICALS LIMITED
CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
For the half year ended 31 December 2018

Notes	31 December 2018 \$	31 December 2017 \$
Cash flows from operating activities		
Research and development tax incentive received	2,318,717	1,773,582
Payments to suppliers and employees	(4,295,081)	(3,015,085)
Interest received	11,125	8,989
Net cash outflow from operating activities	(1,965,239)	(1,232,514)
Cash flows from investing activities		
Payments for intangible assets	(613)	(104,013)
Payments for equipment	-	(3,052)
Net cash outflow from investing activities	(613)	(107,065)
Cash flows from financing activities		
Proceeds from the issue of share capital	9,050,001	5,550,000
Proceeds from exercise of share options	1,035,714	-
Payment of share issue costs	(631,984)	(799,157)
Net cash inflow from financing activities	9,453,731	4,750,843
Net increase in cash and cash equivalents	7,487,879	3,411,264
Cash and cash equivalents at the beginning of the financial period	2,445,630	2,590,812
Cash and cash equivalents at the end of the financial period	9,933,509	6,002,076

The above consolidated interim statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Both *AASB 15 Revenue from Contracts with Customers* and *AASB 9 Financial instruments* have been adopted by the consolidated entity. There has been no impact when adopting these standards and therefore no adjustments were deemed necessary.

	31-Dec-18	30-Jun-18
	\$	\$
2. INTANGIBLE ASSETS		
Patents	9,917,735	9,917,122
Less: Accumulated amortisation	(8,920)	(6,880)
Total Intangible Assets	9,908,815	9,910,242
Reconciliation	\$	\$
Carrying amount at the beginning of the period	9,910,242	9,904,830
Additions during the period	613	12,292
Disposals	-	-
Amortisation expense	(2,040)	(6,880)
Balance at the end of the financial year	9,908,815	9,910,242

3. ISSUED CAPITAL

	31-Dec-18		30-Jun-18	
	Number	\$	Number	\$
Ordinary Shares				
Balance as at the beginning of the period	123,963,792	26,940,674	101,925,220	21,057,052
Ordinary shares issued	13,568,628	9,100,001	18,499,999	5,550,000
Ordinary shares issue costs (Net of GST)	-	(649,489)	-	(621,735)
Shares issued under ESP	300,000	-	1,110,000	-
Exercise of unlisted options	2,309,524	1,035,714	2,428,573	955,357
Balance as at the end of the period	<u>140,141,944</u>	<u>36,426,900</u>	<u>123,963,792</u>	<u>26,940,674</u>

31-Dec-18	30-Jun-18
\$	\$

4. SHARE OPTIONS RESERVE

Balance as at the beginning of the period	2,030,669	1,249,910
Fair values of shares issued to eligible employees under the ESP	186,963	362,955
Fair values of options issued to third party under the share-based payment arrangement	222,168	417,804
	<u>2,439,800</u>	<u>2,030,669</u>

5. COMMITMENTS

The Consolidated Entity has no expenditure contracted for at the reporting date but not recognised as liabilities.

6. CONTINGENT LIABILITIES

The Consolidated Entity had no contingent liabilities as at reporting date.

7. EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since balance date which have impacted or are likely to impact the Consolidated Entity's operations, results and state of affairs in future financial years.

Paradigm Biopharmaceuticals Limited
Directors' declaration
31 December 2018

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) (a) of the Corporations Act 2001.

On behalf of the directors



Signed _____

Graeme Kaufman
Chairman
21 February 2019



Signed _____

Paul Rennie
Chief Executive Officer and Managing Director
21 February 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT**TO THE MEMBERS OF****PARADIGM BIOPHARMACEUTICALS LIMITED**

We have reviewed the accompanying half-year financial report of Paradigm Biopharmaceuticals Limited (the Company") which comprises the consolidated interim statement of financial position as at 31 December 2018, the consolidated interim statement of profit or loss and other comprehensive income, consolidated interim statement of changes in equity and the consolidated interim statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 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 Paradigm Biopharmaceuticals Limited, 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**. We confirm that the independence declaration required by the **Corporations Act 2001**, which has been given to the directors of Paradigm Biopharmaceuticals Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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 Paradigm Biopharmaceuticals 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 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 **Corporations Regulations 2001**

**RSM AUSTRALIA PARTNERS**

J S CROALL
Partner

Dated: 21 February 2019
Melbourne, Victoria