14 February 2020

The Company Announcements Office
Australian Securities Exchange
via electronic lodgement

Paradigm Biopharmaceuticals Limited ACN 169 346 963 (ASX: PAR)
Appendix 4D and Half Year Report 31 December 2019

Dear Sir/Madam,

Please find attached the Appendix 4D and Half Year Report to 31 December 2019.

Yours faithfully

Kevin Hollingsworth
Company Secretary

Authorised for release by the Board

Paradigm BioPharmaceuticals Ltd ABN: 94 169 346 963
C/- Hollingsworth & Co Pty Ltd, Level 2, 517 Flinders Lane, Melbourne, VIC, 3000, AUSTRALIA
Phone: +61 3 9629 5566
Email: info@paradigmbiopharma.com
Web: http://paradigmbiopharma.com/

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 2019
Previous reporting period:	31 December 2018

2. Results for announcement to the market

	$	**$ and % increase/(decrease) over previous corresponding period**
Revenue from continuing activities	602,301	574,161 2,040.37%
(Loss) from continuing activities after tax attributable to members	(5,104,004)	703,735 15.99%
Net (loss) for the period attributable to members	(5,104,004)	703,735 15.99%
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)	(2.60) cents	(3.03) cents
Diluted earnings per ordinary security (cents per share)	(2.60) cents	(3.03) cents
Net tangible asset backing per ordinary security (cents per share)	38.75 cents	6.51 cents

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

Paradigm Biopharmaceuticals Limited
Appendix 4D
Half Year report

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 2019 is attached.

8. Signed



Signed _____

Graeme Kaufman
Chairman
14 February 2020



Signed _____

Paul Rennie
Chief Executive Officer and Managing Director
14 February 2020

Paradigm Biopharmaceuticals Limited

ABN 94 169 346 963

Half Year Report - 31 December 2019

Paradigm Biopharmaceuticals Limited
Directors' Report
31 December 2019

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 2019.

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 2019 of $5,104,004 (2018: Loss of $4,400,269).

AASB 16 'Leases' had a minor impact on the current period. The current loss was increased by $16,743. This included an increased depreciation expense of $53,737 and increased finance costs of $14,101, offset by a reduction in general and administration expenses (reclassification of lease expenses) of $51,095.

Significant changes in the state of affairs

In August 2019, the Consolidated Entity reported data on additional biomarker data from the Phase 2b Clinical Trial, demonstrating that iPPS prevents further cartilage loss.

In September 2019, the Consolidated Entity received approval from the US FDA for the Extended Access Program (EAP).

In November 2019, the Consolidated Entity met with the TGA and was provided valuable feedback on its initial submission for the provisional approval assessment in gaining provisional approval for ZILOSU(r).

In December 2019, the Consolidated Entity welcomed Dr Donna Skerrett as its Chief Medical Officer (CMO) and added Mitch Marrow and Simon White to its Investor Relations team.

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
14 February 2020



Signed _____

Paul Rennie
Chief Executive Officer and Managing Director
14 February 2020

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

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 2019, 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.

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 14 February 2020
Melbourne, Victoria

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Paradigm Biopharmaceuticals Limited
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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 are:

Registered office

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

Telephone: (61-3) 9629 5566

Principal place of business

Level 15, 500 Collins Street
Melbourne VIC 3000

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 14 February 2020.

PARADIGM BIOPHARMACEUTICALS LIMITED
CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the half year ended 31 December 2019

	Notes	31 December 2019 $	31 December 2018 $
Other income		825,953	28,140
Research and development expenses		(4,315,825)	(3,188,227)
Employee expenses		(667,381)	(493,386)
General and administration expenses		(932,650)	(746,796)
Finance costs		(14,101)	-
Loss before income tax		**(5,104,004)**	**(4,400,269)**
Income tax expense / (benefit)		-	-
Loss for the year		**(5,104,004)**	**(4,400,269)**
Other comprehensive income		**-**	**-**
Total comprehensive income attributable to members of the consolidated entity		**(5,104,004)**	**(4,400,269)**
Loss per share (cents)	5	2.60 cents	3.03 cents

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 2019

	Notes	31 December 2019 $	30 June 2019 $
ASSETS			
Current assets			
Cash and cash equivalents		70,933,651	72,336,173
Trade and other receivables		3,305,986	3,532,227
Prepaid expenses		309,269	137,113
Financial assets held at amortised cost		2,696,200	6,500,000
Total current assets		**77,245,106**	**82,505,513**
Non-current assets			
Intangible assets	2	2,981,755	2,981,359
Plant and equipment		108,705	24,029
Right-of-use assets	3	913,521	-
Total non-current assets		**4,003,981**	**3,005,388**
Total assets		**81,249,087**	**85,510,901**
LIABILITIES			
Current liabilities			
Trade and other payables		689,798	2,315,992
Employee benefits		352,827	388,591
Lease liabilities		116,534	-
Total current liabilities		**1,159,159**	**2,704,583**
Non-current liabilities			
Lease liabilities		813,730	-
Total non-current liabilities		**813,730**	**-**
Total liabilities		**1,972,889**	**2,704,583**
Net assets		**79,276,198**	**82,806,318**
EQUITY			
Issued capital	4	110,551,240	109,468,292
Share based payments reserve		4,030,245	4,072,844
Accumulated losses		(35,305,287)	(30,734,818)
Total equity		**79,276,198**	**82,806,318**

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 2019

	Issued Capital $	Share Option Reserve $	Accumulated Losses $	Total $
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 in relation to options exercised by third parties	-	222,168	-	222,168
Balance at 31 December 2018	**36,426,900**	**2,439,800**	**(19,507,543)**	**19,359,157**
Balance at 1 July 2019	**109,468,292**	**4,072,844**	**(30,734,818)**	**82,806,318**
Loss for the period	-	-	(5,104,004)	(5,104,004)
Costs in relation to shares issued	(320,130)	-	-	(320,130)
Fair value of shares issued to eligible employees under the plan	-	490,936	-	490,936
Fair value in relation to options exercised by third parties	-	(533,535)	533,535	-
Exercise of options issued to third parties unlisted options	1,403,078	-	-	1,403,078
Balance at 31 December 2019	**110,551,240**	**4,030,245**	**(35,305,287)**	**79,276,198**

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 2019

	Notes	31 December 2019 $	31 December 2018 $
Cash flows from operating activities			
Research and development tax incentive received		373,198	2,318,717
Payments to suppliers and employees		(6,957,394)	(4,295,081)
Interest received		694,904	11,125
Net cash outflow from operating activities		**(5,889,292)**	**(1,965,238)**
Cash flows from investing activities			
Payments for intangible assets		(5,705)	(613)
Payments for equipment		(93,178)	-
Proceeds from disposal of financial assets held at amortised cost		3,803,800	-
Net cash outflow from investing activities		**3,704,917**	**(613)**
Cash flows from financing activities			
Proceeds from the issue of share capital		-	9,050,001
Proceeds from exercise of share options		1,403,078	1,035,714
Payment of share issue costs		(570,130)	(631,984)
Principal repayment of lease liabilities		(36,994)	-
Interest repayment of lease liabilities		(14,101)	-
Net cash inflow from financing activities		**781,853**	**9,453,731**
Net (decrease)/increase in cash and cash equivalents		**(1,402,522)**	**7,487,879**
Cash and cash equivalents at the beginning of the financial period		**72,336,173**	**2,445,630**
Cash and cash equivalents at the end of the financial period		**70,933,651**	**9,933,509**

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 2019 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 2019 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.

AASB 16 Leases

The Consolidated Entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

There were no lease liability commitments as at 1 July 2019, however a lease was entered during the 6-month period in relation to the leased office space. This has now been accounted for in line with AASB 16 using an incremental borrowing rate of 4.7%.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Consolidated Entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 1. Significant accounting policies (continued)

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Consolidated Entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

	31-Dec-19 $	30-Jun-19 $
2. INTANGIBLE ASSETS		
Patents	9,924,816	9,922,163
Less: Accumulated amortisation and impairment losses	(6,943,062)	(6,940,804)
	2,981,755	**2,981,359**

Reconciliation	**$**
Carrying amount as at 1 July 2019	2,981,359
Additions during the period	2,653
Disposals	-
Amortisation expense	(2,257)
Impairment losses	-
Balance as at 31 December 2019	**2,981,755**

3. RIGHT-OF-USE ASSETS	31-Dec-19 $	30-Jun-19 $
Land and buildings - right-of-use	967,258	-
Less: Accumulated depreciation	(53,737)	-
	913,521	**-**

The Consolidated Entity leases land and buildings for its office under agreement of three years with option to extend. On renewal, the extension will be on the same conditions as this lease subject to the terms applicable to extension.

The total additions in relation to this office during the period is $967,258.

The Consolidated Entity has a sub-tenancy agreement for one year. This is short-term and has been expensed as incurred and not capitalised as the right-of-use asset.

4. ISSUED CAPITAL

	31-Dec-19 Number of Shares	30-Jun-19 Number of Shares	31-Dec-19 $	30-Jun-19 $
Ordinary shares - fully paid	196,899,099	192,207,761	110,551,240	109,468,292

Movements in ordinary share capital

Details	**Shares**	**$**
Balance as at 1 July 2019	192,207,761	109,468,292
Ordinary shares issue costs (Net of GST)	-	(320,130)
Shares issued under ESP	1,320,088	-
Exercise of unlisted options	3,371,250	1,403,078
Balance as at 31 December 2019	**196,899,099**	**110,551,240**

5. LOSS PER SHARE

	31-Dec-19 $	31-Dec-18 $
Net loss for the period attributable to ordinary shareholders	(5,104,004)	(4,400,269)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic loss per share	193,420,396	129,160,257
Weighted average number of ordinary shares used in calculation diluted loss per share	193,420,396	129,160,257
	Cents	**Cents**
Basic loss per share	2.60	3.03
Diluted loss per share	2.60	3.03

2,821,250 options (2018: 6,350,000) have been excluded from the calculation of the diluted earnings per share above as it would have an anti-dilutive impact.

6. COMMITMENTS

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

7. CONTINGENT LIABILITIES

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

8. 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 2019

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 2019 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
14 February 2020

Signed _____

Paul Rennie
Chief Executive Officer and Managing Director
14 February 2020

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Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

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") and its controlled entities ("Consolidated entity") which comprises the consolidated interim statement of financial position as at 31 December 2019, 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 2019 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.

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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 2019 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: 14 February 2020
Melbourne, Victoria