

**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 2015  
**Previous reporting period:** 30 June 2015

**2. Results for announcement to the market**

	\$	\$ and % increase/(decrease) over previous corresponding period
<b>Revenue from continuing activities</b>	46,096	41,145 831.10%
<b>(Loss) from continuing activities after tax attributable to members</b>	(1,422,552)	(605,325) (135.01%)
<b>Net (loss) for the period attributable to members</b>	(1,422,552)	(605,325) (135.01%)
<b>Dividends (distributions)</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
<b>Final Dividend</b>	N/A	N/A
<b>Interim Dividend</b>	N/A	N/A
<b>Record date for determining entitlements to the dividends (if any)</b>	N/A	
<b>Brief explanation of any of the figures reported above necessary to enable the figures to be understood:</b> N/A		

**3. Net tangible assets**

	Current Period	Previous corresponding period
<b>Basic earnings per ordinary security (cents per share)</b>	(1.85) cents	(3.67) cents
<b>Diluted earnings per ordinary security (cents per share)</b>	(1.85) cents	(3.67) cents
<b>Net tangible asset backing per ordinary security (cents per share)</b>	5.63 cents	1.84 cents

#### 4. Control gained over entities

Name of entity (or group of entities)	Xosoma Pty Ltd
Date control gained	07 August 2015
Profit / (loss) from ordinary activities after tax of the controlled entity since the date in the current period on which control was acquired.	(1,358)
Profit / (loss) from ordinary activities after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period.	(1,358)

#### 5. Loss of control over entities

Not applicable.

#### 7. Audit qualification or review

<b>This report is based on accounts to which one of the following applies:</b> (Tick one)			
The accounts have been audited	<input checked="" type="checkbox"/>	The accounts are in the process of being audited	<input type="checkbox"/>
<b>If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification:</b> N/A			

#### 8. Attachments

The report of half year ended 31 December 2015 is attached.

#### 9. Signed

Signed \_\_\_\_\_



Graeme Kaufman  
Chairman  
25 February 2016

Signed \_\_\_\_\_



Paul Rennie  
Chief Executive Officer and Managing Director  
25 February 2016

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# **Paradigm Biopharmaceuticals Limited**

**ABN 94 169 346 963**

**Half Year Report - 31 December 2015**

**Paradigm Biopharmaceuticals Limited**  
**Directors' report**  
**31 December 2015**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the "Group") consisting of Paradigm Biopharmaceuticals Limited (referred to hereafter as the "Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2015.

**Directors**

The following persons were directors of Paradigm Biopharmaceuticals Limited 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 Group are researching and developing therapeutic products for human use.

**Results**

The Group made a loss for the period ended 31 December 2015 of \$1,422,552 (2014: Loss of \$605,325).

**Significant changes in the state of affairs**

On the 7 August 2015, having obtained conditional approval from the ASX for the admission of Paradigm to the ASX Official List and having raised \$8,000,000 as part of its Initial Public Offer, Paradigm completed the acquisition of Xosoma Pty Ltd. Paradigm now owns 100% of Xosoma Pty Ltd and the Xosoma vendors have received 19,495,238 Paradigm shares.

On the 7 August 2015, 1,235,000 Series 1 Preference Shares were converted to 7,057,143 Ordinary Shares.

On the 7 August 2015, 600,000 Series 2 Preference Shares were converted to 2,637,363 Ordinary Shares.

On the 18 August 2015, Paradigm was admitted to the ASX Official List having raised the maximum \$8,000,000 as part of its Initial Public Offer.

**Rounding of amounts**

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

**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  
25 February 2016

Signed \_\_\_\_\_

Paul Rennie  
Chief Executive Officer and Managing Director  
25 February 2016

**RSM Australia Partners**

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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 2015, 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**



**JASON CROALL**  
Partner

25 February 2016  
Melbourne, Victoria

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## **Paradigm Biopharmaceuticals Limited**

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**31 December 2015**

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Consolidated Interim Statement of Financial Position

Consolidated Interim Statement of Changes in Equity

Consolidated Interim Statement of Cash Flows

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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 the Company and its subsidiaries (together referred to as the "Group") 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:

#### **Principal Place of Business and Registered Office**

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

Telephone: (61-3) 9629 5566

Facsimile: (61-3) 9629 5466

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 25 February 2016.

**CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
for the half year ended 31 December 2015**

		31 December 2015	31 December 2014
	Notes	\$	\$
Other Income	2	46,096	4,951
Research & Development		(932,085)	(29,135)
Employee Expenses	3	(231,295)	(411,242)
General and Administration expenses		(305,268)	(169,899)
<b>Loss before income tax</b>		<b>(1,422,552)</b>	<b>(605,325)</b>
Income tax expense / (benefit)		-	-
<b>Loss for the year</b>		<b>(1,422,552)</b>	<b>(605,325)</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income attributable to members of the consolidated entity</b>		<b>(1,422,552)</b>	<b>(605,325)</b>
<b>Earnings per share (cents)</b>		<b>(1.85) cents</b>	<b>(3.67) cents</b>

*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*

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**CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**  
as at 31 December 2015

		31 December 2015	30 June 2015
	Notes	\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	5,266,295	124,857
Trade and other receivables	5	30,038	15,741
Prepaid Capital Raising Costs		-	697,527
Prepaid Insurance		54,730	-
<b>Total current assets</b>		<b>5,351,063</b>	<b>838,125</b>
<b>Non-current assets</b>			
Intangible assets	6, 7	7,743,067	356,288
Equipment	8	2,670	-
<b>Total non-current assets</b>		<b>7,745,736</b>	<b>356,288</b>
<b>Total assets</b>		<b>13,096,800</b>	<b>1,194,413</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	420,256	585,287
<b>Total current liabilities</b>		<b>420,256</b>	<b>585,287</b>
<b>Net assets</b>		<b>12,676,544</b>	<b>609,126</b>
<b>EQUITY</b>			
Issued capital	10	15,073,661	1,577,497
Share Options reserve		748,800	748,800
Accumulated losses		(3,145,917)	(1,717,171)
<b>Total equity</b>		<b>12,676,544</b>	<b>609,126</b>

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

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**CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**  
for the half year ended 31 December 2015

	Issued Capital \$	Share Option Reserve \$	Accumulated Losses \$	Total \$
<b>Balance at 1 July 2014</b>	1	-	(151,866)	(151,865)
Loss for the period	-	-	(605,325)	(605,325)
Shares issued	1,235,000	-	-	1,235,000
Costs in relation to shares issued	(184,370)	-	-	(184,370)
Fair value of shares issued to eligible employees under the plan	-	264,600	-	264,600
<b>Balance at 31 December 2014</b>	<b>1,050,631</b>	<b>264,600</b>	<b>(757,191)</b>	<b>558,040</b>
<b>Balance at 1 July 2015</b>	<b>1,577,497</b>	<b>748,800</b>	<b>(1,717,171)</b>	<b>609,126</b>
Accumulated loss from Xosoma			(6,194)	(6,194)
Loss for the period	-	-	(1,422,552)	(1,422,552)
Shares issued	14,823,334	-	-	14,823,334
Costs in relation to shares issued	(1,327,170)	-	-	(1,327,170)
<b>Balance at 31 December 2015</b>	<b>15,073,661</b>	<b>748,800</b>	<b>(3,145,917)</b>	<b>12,676,544</b>

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

**CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**  
for the half year ended 31 December 2015

	31 December 2015	31 December 2014
	Notes	\$
		\$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees		(859,876)
Interest received		36,429
		(741,406)
		4,951
<b>Net cash outflow from operating activities</b>		<b>(823,447)</b>
		<b>(736,455)</b>
<b>Cash flows from investing activities</b>		
Payments for intangible assets		(153,218)
Acquisition of business assets	7 (d)	(410,228)
Payments for equipment	8	(3,153)
		(35,917)
		-
		-
<b>Net cash outflow from investing activities</b>		<b>(566,599)</b>
		<b>(35,917)</b>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of share capital		8,000,000
Payment of share issue costs		(1,327,170)
Net movement in related party loans		(141,346)
		1,235,000
		(184,370)
		(24,000)
<b>Net cash inflow from financing activities</b>		<b>6,531,484</b>
		<b>1,026,630</b>
<b>Net increase in cash and cash equivalents</b>		<b>5,141,438</b>
		<b>254,258</b>
<b>Cash at the beginning of the financial period</b>		<b>124,857</b>
		<b>7,772</b>
<b>Cash at the end of the financial period</b>	4	<b>5,266,295</b>
		<b>262,030</b>
<b>Non Cash financing and investing activities</b>		
Acquisition of corporate entity through share swap agreement	7 (d)	6,823,333
		-

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

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**Paradigm Biopharmaceuticals Limited**  
**Notes to the financial statements**  
**31 December 2015**

**Note 1. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2015 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 2015 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, revised 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, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

	31-Dec-15 \$	31-Dec-14 \$
<b>2. OTHER INCOME</b>		
Interest received	<u>46,096</u>	<u>4,951</u>
<b>3. EMPLOYEE EXPENSES</b>		
Wages, salaries and self-employed contractors expenses	90,000	132,500
Defined contribution superannuation expenses	15,897	12,587
Increase in liability for annual service leave	36,142	-
Non-executive Directors fees	87,333	-
Workcover	1,924	1,555
Fair values of shares issued to eligible employees under the Employee Share Plan	-	264,600
	<u>231,295</u>	<u>411,242</u>
<b>4. CASH AND CASH EQUIVALENTS</b>		
	31-Dec-15 \$	30 June 15 \$
Cash at bank and in hand	5,266,295	124,858
	<u>5,266,295</u>	<u>124,858</u>
<b>5. TRADE AND OTHER RECEIVABLES</b>		
GST receivable	20,371	15,741
Interest receivable	9,667	-
	<u>30,038</u>	<u>15,714</u>

	31-Dec-15 \$	30-Jun-15 \$
<b>6. INTANGIBLE ASSETS</b>		
Patents	7,743,067	356,288
Less: Accumulated amortisation	-	-
<b>Total Intangible Assets</b>	<b><u>7,743,067</u></b>	<b><u>356,288</u></b>
<b>Reconciliation</b>		
Carrying amount at the beginning of the period	356,288	88,921
Additions during the period	7,386,779	267,367
Disposals	-	-
Amortisation expense	-	-
<b>Balance at the end of the financial year</b>	<b><u>7,743,067</u></b>	<b><u>356,288</u></b>

## 7. BUSINESS COMBINATIONS

### (a) Acquisition of Corporate Entities

Xosoma Pty Ltd - ANC 164 399 740

Date: 7 August 2015

Control of the corporate entity was obtained through the purchase of 100% of the issued share capital via a share swap agreement and the recognition of identifiable assets and liabilities assumed.

### (b) Acquisition of Business Assets

Glycan Biosciences LLC

Date: 5 August 2015

Control of the operational entity was obtained through the purchase of the operating and legal business assets of the vendors and the recognition of identifiable assets and liabilities assumed.

### (c) Revenue and profit from business acquired

Xosoma Pty Ltd contributed \$Nil of revenues and (\$1,358) of net profit to the Group from 7 August 2015 to 31 December 2015.

Glycan Biosciences LLC contributed \$Nil of revenues and \$Nil of net profit to the Group from 5 August 2015 to 31 December 2015.

## 7. BUSINESS COMBINATIONS (CONT.)

### (d) Consideration

The fair value of the consideration transferred at acquisition date for of the acquisition was made up of the following components;

	Xosoma	Glycan
Payment for 100% of the Issued Shares in the Entity via share swap agreement	6,823,333	-
Payment for Business assets	-	410,228
Recognition of intangible assets (patents)	<u>(6,823,333)</u>	<u>(410,228)</u>
Goodwill acquired	<u>-</u>	<u>-</u>

There are also milestone and royalty payments as part of the Glycan agreement. These are based on future events occurring including clinical trials, sales and recruiting their first patient. As they are not at this level yet with the research no liability has to be recognised at 31 December.

There were no acquisitions during the half year ended 31 December 2014.

	31-Dec-15 \$	30-Jun-15 \$
<b>8. EQUIPMENT</b>		
Office Equipment	3,153	-
Less: Accumulated depreciation	(482)	-
	<u>2,670</u>	<u>-</u>
<b>Reconciliation</b>		
Carrying amount at the beginning of the period	-	-
Additions during the period	3,153	-
Disposals	-	-
Depreciation expense	(482)	-
<b>Balance at the end of the financial year</b>	<u><b>2,670</b></u>	<u><b>-</b></u>

## 9. TRADE AND OTHER PAYABLES

Trade and other creditors	383,625	413,504
Related party loans	36,631	171,783
	<u><b>420,256</b></u>	<u><b>585,287</b></u>

The related party loans are interest-free and repayable on demand.

**Paradigm Biopharmaceuticals Limited**  
**Notes to the financial statements**  
**31 December 2015**

**10. ISSUED CAPITAL**

	31-Dec-15		30-Jun-15	
	Number	\$	Number	\$
<b>Ordinary Shares</b>				
Balance as at the beginning of the period	37,368,333	1,577,497	1	1
Ordinary shares issued	42,352,381	14,823,334	-	-
Ordinary shares issue costs (Net of GST)	-	(1,327,170)	-	-
Subdivision of shares	-	-	31,933,332	-
Shares issued under ESP	-	-	3,600,000	-
Preference shares issued during the period	-	-	1,835,000	1,835,000
Preference shares issue costs (Net of GST)	-	-	-	(257,504)
Cancellation of Preference shares	(1,835,000)	(1,835,000)	-	-
Preference shares conversion to Ordinary shares	9,694,506	1,835,000	-	-
<b>Balance as at the end of the period</b>	<b>87,580,220</b>	<b>15,073,661</b>	<b>37,368,333</b>	<b>1,577,497</b>

**11. COMMITMENTS**

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

**12. CONTINGENT LIABILITIES**

Credit Cards: The Group has a contingent liability for expenses incurred on Corporate Credit cards that may not be recorded on banking statements at half year end.

**13. EVENTS SUBSEQUENT TO REPORTING DATE**

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


**Paradigm Biopharmaceuticals Limited**  
**Directors' declaration**  
**31 December 2015**

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 2015 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  
25 February 2016

Signed  \_\_\_\_\_

Paul Rennie  
Chief Executive Officer and Managing Director  
25 February 2016

**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 2015, 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 2015 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.

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### *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 2015 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**



**JASON CROALL**  
Partner

25 February 2016  
Melbourne, Victoria