APPENDIX 4E
Preliminary Final Report to the Australian Stock Exchange

Name of Entity	Paradigm Biopharmaceuticals Limited
ABN	(ABN 94 169 346 963)
Year Ended	30 June 2017
Previous Corresponding Reporting Period	01 July 2015 to 30 June 2016

1. Results for Announcement to the Market

	$	**$ and % increase/(decrease) over previous corresponding period**
Revenue from continuing activities	1,848,924	454,763 32.62%
(Loss) from continuing activities after tax attributable to members	(4,275,446)	1,351,021 46.20%
Net (loss) for the period attributable to members	(4,275,446)	1,351,021 46.20%

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

2. Key ratios

	Current Period	**Previous corresponding period**
Basic earnings per ordinary security (cents per share)	(4.47) cents	(3.60) cents
Diluted earnings per ordinary security (cents per share)	(4.47) cents	(3.60) cents
Net tangible asset backing per ordinary security (cents per share)	3.42 cents	0.71 cents

3. Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	N/A
Date control gained	N/A
Profit / (loss) from ordinary activities after tax of the controlled entity since the date in the current period on which control was acquired.	N/A
Profit / (loss) from ordinary activities after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period.	N/A

4. Audit/Review Status

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

5. Attachments Forming Part of Appendix 4E

The Annual Report of Paradigm Biopharmaceuticals Limited for the year ended 30 June 2017 is attached.

6. Signed

Signed in accordance with a resolution of the Directors.

Signed _____

Date: 29 August 2017

Graeme Kaufman

Chairman

Paradigm Biopharmaceuticals Limited

ABN 94 169 346 963

2017 ANNUAL REPORT

General Information

The Financial Statements cover Paradigm Biopharmaceuticals Limited as a Consolidated Entity consisting of Paradigm Biopharmaceuticals Limited and the entities it controlled at the end of, or during the 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. A description of the nature of the Consolidated Entity's operations and its principal activities are included as part of the Financial Statements.

The Financial Statements were authorised for issue, in accordance with a resolution of Directors, on 29 August 2017. The Directors have the power to amend and reissue the Financial Statements.

Directors

Mr Graeme Kaufman	–	Chairman & Non-Executive Director
Mr Paul Rennie	–	Managing & Executive Director
Mr Christopher Fullerton	–	Non-Executive Director
Mr John Gaffney	–	Non-Executive Director

Company Secretary

Mr Kevin Hollingsworth

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

Auditor

RSM Australia Partners
Level 21
55 Collins Street
Melbourne, VIC 3000

Solicitors

K&L Gates
Level 25, South Tower, 525 Collins Street
Melbourne, VIC 3000

Share Registry

Computershare Limited
Yarra Falls, 452 Johnston Street
Abbotsford, VIC 3067

Telephone: (61-3) 1300 137 328

Bankers

Commonwealth Bank
Level 20, Tower One, Collins Square
727 Collins Street
Melbourne, VIC 3008

Stock Exchange

ASX Limited
Level 4, North Tower, 525 Collins Street
Melbourne, VIC 3000

ASX Code: PAR

Website

www.paradigmbiopharma.com

Dear Shareholders,

I am pleased to present the 2017 Annual Report for Paradigm Biopharmaceuticals Limited.

The Company listed on the Australian Securities Exchange (ASX: PAR) on 19 August 2015.

From listing the Company commenced the repurposing of the historic drug Pentosan Polysulfate Sodium (PPS) for two clinical development programs, namely the treatment of bone marrow edema (bone bruising) and allergic rhinitis (also known as hay fever).

Unresolved subchondral bone marrow edema lesions following an acute knee injury are strongly associated with the development of post-traumatic osteoarthritis. The Company's open labelled Phase 2 study which commenced in March 2016 will be closed-out in October 2017. The treatment of bone marrow edema is an emerging market with no pharmaceuticals currently registered to treat this clinical indication. Treatment of bone marrow lesions represents an addressable market of USD$2.5B in the USA.

During the last financial year, the Company also commenced a Phase 2 randomised, double-blind, placebo controlled clinical study investigating PPS in treating people recently infected with Ross River Virus. This program is also very exciting as there are currently no registered vaccines or therapeutics to treat the ten thousand cases of Ross River infections in Australia each year.

Intranasal corticosteroids and anti-histamines are the current first line therapies used to treat the symptoms of allergic rhinitis. The Company developed an intranasal PPS spray and conducted a Phase 1 safety study and a Phase 2a randomised double-blind placebo cross over clinical study. During the past 12 months, the Company reported on the peer-reviewed publication of its preclinical study, a successful Phase 1 study but the Phase 2 study failed to meet its primary clinical endpoints. This was an unexpected outcome, and the clinical data is being reviewed by industry experts to determine our next steps with the Allergic Rhinitis program.

In addition to the two lead clinical indications, the Company has generated some PPS proof-of-concept, nonclinical and clinical data in a new indication which expands our pipeline.

The Company continues to execute on its drug repurposing business strategy. Last financial year the Company continued the prudent use of shareholder funds spending directly 70% of funds on the clinical trial programs.

The year ahead will be an exciting time for the Company, and I acknowledge the terrific support of our shareholders which is so important to the Company. I also thank our CEO, Paul Rennie, and his management team for the very significant outcomes they have achieved in the past 12 months since my last report.

On behalf of the Directors,

Graeme Kaufman
Chairman
Melbourne, Victoria
29 August 2017

Dear Shareholder,

I am pleased to report on the progress made by the executive management team of Paradigm Biopharmaceuticals Limited and its controlled entities (the "Consolidated Entity") during the past 12 months.

The Consolidated Entity's business plan is to repurpose the historic drug Pentosan Polysulfate Sodium (PPS) for new indications with unmet medical needs. We maintain a high focus on prudently managing Shareholders funds while at the same time executing on our Clinical development plans. Over the past 12 months the Consolidated Entity has completed two clinical trials, is about to close-out the Consolidated Entity's third clinical trial (October 2017) and the fourth clinical trial was commenced in August 2017. The Consolidated Entity is also preparing to commence its fifth clinical trial – Bone Marrow Edema Lesions in people with Osteoarthritis.

Clinical Trial	**Status**
Phase 2a Open Label Clinical Trial Bone Marrow Edema Lesions following acute injury.	Close-Out Oct 2017
Phase 1 Clinical Trial Safety and Tolerability, PPS Nasal Spray.	Completed
Phase 2a Clinical Trial, Double-Blind, Placebo-Controlled, Crossover, Allergic Rhinitis (Hay Fever).	Completed
Phase 2a Clinical Trial, Randomised, Double-Blind, Placebo Controlled, Ross River	Commenced Aug 2017 and close-out by end Q2 CY2018.
Phase 2 Clinical Trial, Randomised, Double-Blind, Placebo Controlled, Bone Marrow Edema Lesions in people with Osteoarthritis	Ready to Commence Q4 CY2017

Clinical Development

B one Marrow Edema Lesions– Acute Injury and Post-Traumatic Osteoarthritis: Unresolved subchondral bone marrow edema lesions following an acute knee injury are strongly associated with the development of post-traumatic osteoarthritis (PTOA)[1].

Even with current treatments of acute joint injuries, more than 50% of people who suffer significant ligament or meniscus tears, or articular surface injuries, will develop post-traumatic osteoarthritis (PTOA). Correspondingly, 12% or more of all patients with lower extremity OA have a history of joint injury. Recent research suggests that acute joint damage that occurs at the time of an injury initiates a sequence of events that can lead to progressive articular surface damage[1]. Over 250,000 Anterior Cruciate Ligament (ACL) and over 600,000 meniscal tears occur annually in the United States alone[2, 3 & 4].

The treatment of bone marrow edema lesions is an emerging market with no pharmaceuticals currently registered to treat this clinical indication. Treatment of bone marrow lesions post-acute injury represents an addressable market of USD$2.5B in the USA alone.

The Consolidated Entity's open labelled Phase 2 study which commenced in March 2016 will be closed-out in October 2017.

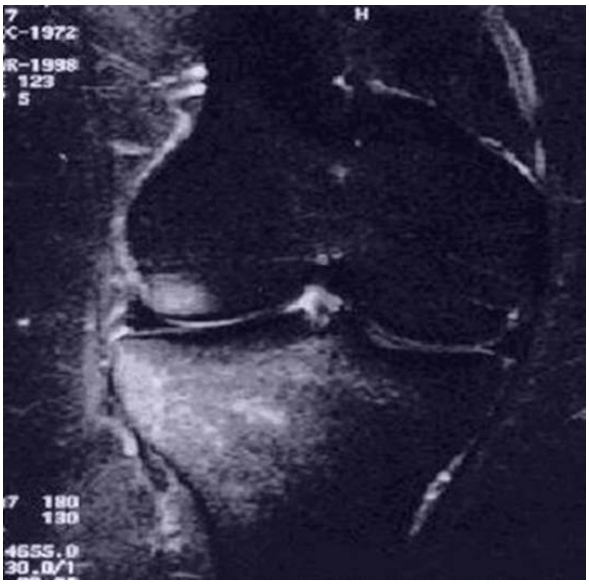

Figure 1. MRI of subchondral bone marrow edema lesions follow ACL rupture.

Bone Marrow Edema Lesions – Osteoarthritis: Osteoarthritis (OA) is the most prevalent form of joint disease, affecting as much as 13% of the world's population. In addition to the post-traumatic osteoarthritis the Consolidated Entity has also treated, with PPS, over thirty people with bone marrow edema lesions and advanced OA. "The presence of bone marrow edema lesions (BMELs) has been linked to pain and progression of knee OA. The prevalence and severity of BMELs are associated with less cartilage loss over 2 years. Moreover, severity of BMLs was positively associated with risk of knee joint replacement. This provides further support for the importance of BMELs in identifying those with OA most likely to progress. Identifying factors that prevent or reduce the severity of BMELs may provide an important target in the prevention of disease progression and treatment of OA, and the subsequent need for total knee replacement surgery"[5].

In the Consolidated Entity's BMEL OA pilot study, pain and BMEL volume (as measured on MRI) were significantly reduced and the joint function improved. The current market for OA therapeutics is US$5Bn per annum and most of these therapeutic products have inadequate pain-relief efficacy but also have poor safety profiles (when used to treat chronic conditions like OA). Additionally, concerns by Governments and the Health Care Systems have been raised about the growing dependency and adverse effects of opioid-based pain relief when used to treat OA pain.

In the US alone, the financial burden of OA has been estimated to be $81 billion in medical costs and $128 billion in total cost, given approximately 21 million people with OA associated limitations, 36 million outpatient visits and 750,000 hospitalizations per year[6].

PPS has demonstrated, in these 30 cases, to be effective in reducing OA pain in people with BMEL's. PPS has also been shown to reduce or resolve the volume of the BMEL's (as measured on MRI) in the joints of people with OA indicating a slowing of the progression of the disease. In fact, some of the people with BMEL's and OA were able to avoid knee replacement surgery. Previous studies have demonstrated PPS restores the OA joint biochemistry and thereby protects the deteriorating joint from further destruction.

Alphavirus – Ross River virus (RRV) and Chikungunya virus (CHIKV)

Alphavirus disease causes crippling pain and joint arthritis, which often has an extended duration of months or years. In 2016 CHIKV expanded into the Americas, with approximately 1 million cases reported there and again another 1 million new cases in the first half of 2017. RRV continues to circulate in the South Pacific. Currently, there is no licensed specific treatment for Alphavirus disease, and the increasing spread of infection highlights an urgent need for novel therapeutic interventional strategies. In the preclinical research RRV infection was demonstrated to damage the articular cartilage, including a loss of proteoglycans within the joint. PPS reduced the severity of both RRV- and CHIKV-induced muscle and joint pain, including a reduction in inflammation and joint swelling. The preclinical data along with 20 people with RRV treated with PPS in a pilot study suggested PPS was safe, well tolerated and had effect on the pain and viral arthritis associated with an alphavirus infection.

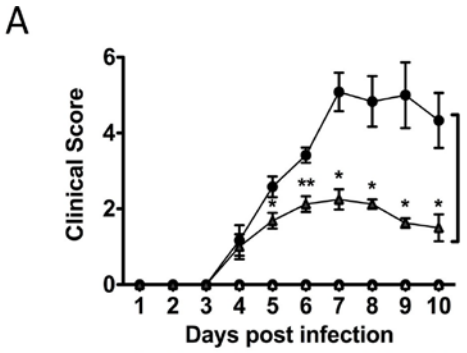

Figure 2. Effect of PPS on clinical score in untreated and treated animals in a peer-reviewed, published pre-clinical study

The encouraging results from the preclinical and pilot human study provided the rationale for the Phase 2 randomised, double-blind, placebo controlled clinical study which commenced treating study participants in August 2017.

Given the lack of any registered vaccine or therapeutic to prevent or treat respectively these Alphavirus infections there is potential for fast-track Regulatory approval pending a successful Phase 2 clinical study. The Ross River Phase 2 Clinical Study is scheduled to read-out at the end of CYQ2 2018.

Allergic Rhinitis / hay fever: Intranasal corticosteroids and anti-histamines are the current first line therapies used to treat the symptoms of allergic rhinitis. The Consolidated Entity developed a non-steroid-based intranasal PPS spray and conducted a Phase 1 safety study and a Phase 2a randomised double-blind placebo cross over clinical study. Also, during the past 12 months, the Consolidated Entity reported on the peer-reviewed publication of its preclinical study. In May 2017, the Consolidated Entity reported the Phase 2 study failed to meet its primary clinical endpoints. This was an unexpected outcome, and the clinical data is being reviewed by industry experts to determine our next steps with the Allergic Rhinitis program.

The Consolidated Entity remains committed to its respiratory asset. Further R&D will be undertaken to identify the potential reasons for the lack of translation of the preclinical Allergic Rhinitis results into the Phase 2 human clinical trial. Depending on the Consolidated Entity's findings the Allergic Rhinitis Phase 2 study could be repeated or the Allergic Rhinitis program may be terminated in preference to its Asthma or Chronic Obstructive Pulmonary Disease (COPD) programs.

Research & Development: A focused Research & Development (R&D) program will be undertaken to identify and develop second generation products. This R&D program will be managed by the Consolidated Entity's Chief Scientific Officer. The Consolidated Entity will continue to outsource its R&D to world-class research laboratories and CRO's. In line with the Consolidated Entity's publication policy it will publish the pre-clinical studies in peer-reviewed scientific journals. The Consolidated Entity's lead R&D project is within the anti-inflammation/autoimmune field with its IL-1RA peptide.

Intellectual Property

BME Patent: The Consolidated Entity's Bone Marrow Edema Lesion (BMEL) patent family has expanded with two new patents filed during the past 12 months. The new patents include new indications within the BMEL filed to be treated by PPS.

Respiratory Patent: The Consolidated Entity's respiratory patent covers the use of PPS for treating Allergic Rhinitis, Allergic Asthma and COPD. The Respiratory patent is now granted in Australia, New Zealand, China, Canada and Europe.

IL-1RA Peptide: The Consolidated Entity's anti-inflammatory/autoimmune patent has recently been granted in Europe.

Thank you: Managing Shareholder funds and delivering on our clinical milestones continues to be high on our list of Corporate priorities. The significant achievement in the past 12 months has been made possible by the highly talented and productive employees and consultants. I would also like to acknowledge the outstanding support of the Consolidated Entity's stockbrokers, clinical & regulatory consultants, scientific & medical professionals and our manufacturing partners. We have also been assisted by the Therapeutic Goods Administration, service providers and of course our shareholders. All employees and consultants continue to work hard for our shareholders and other stakeholders and we will work diligently towards achieving our corporate objectives over the next 12 months.

References:

[1] J Orthop Res. POST-TRAUMATIC OSTEOARTHRITIS: IMPROVED UNDERSTANDING AND OPPORTUNITIES FOR EARLY INTERVENTION; Published online 2011 Feb 11. doi: 10.1002/jor.21359; Anderson DD, et al.

[2] https://www.cdc.gov/injury/erpo/icrc/2009/1-r49-ce001495-01.html

[3] Arthritis & Rheumatology; Early Knee Osteoarthritis Is Evident One Year Following Anterior Cruciate Ligament Reconstruction: A Magnetic Resonance Imaging Evaluation; Adam G. Gulvenor, et al; April 2015

[4] American Journal of Sports Medicine; The long-term consequence of anterior cruciate ligament and meniscus injuries;35:1756-69, Lohmander LS, Englund PM, Dahl LL, Roos EM.; 2007

[5] Rheumatology; Bone marrow lesions in people with knee osteoarthritis predict progression of disease and joint replacement: a longitudinal study; Tanamas S K et al 2010.

[6] National Institute of Health; Emerging drugs for osteoarthritis; Hunter DJ and Matthews G 16(3): 479–491; 2011 September.

Paul Rennie
Chief Executive Officer

The Directors present their report together with the financial report of Paradigm Biopharmaceuticals Limited and its controlled entities (the "Consolidated Entity"), for the financial year ended 30 June 2017, and the Auditor's Report thereon.

DIRECTORS

Information on Directors

The Directors of the Consolidated Entity at any time during or since the end of the financial year are:

Graeme Kaufman, Chairman and Non-Executive Director (Appointed on 02 May 2014)

Graeme Kaufman BSc, MBA, has wide ranging experience across the biotechnology sector, spanning scientific, commercial and financial areas. His experience with CSL Limited, Australia's largest biopharmaceutical company included responsibility for all of their manufacturing facilities, and the operation of an independent business division operating in the high technology medical device market. As CSL's General Manager Finance, Mr Kaufman had global responsibility for finance, strategy development, human resources and information technology. Mr Kaufman has also served as an executive Director of ASX-listed Circadian Technologies and a non-executive Director of Amrad Corporation, and held the role of Executive Vice President Corporate Finance with Mesoblast Limited until 2013. He is currently Executive Chairman of IDT Australia Limited.

Paul Rennie, Managing and Executive Director (Appointed on 02 May 2014)

Paul Rennie BSc, MBM, Grad Dip Commercial Law, MSTC, has sales, marketing, business development, operational and IP commercialisation experience in the biopharmaceutical sector. Paul's experience includes working for Boehringer Mannheim (now Roche Diagnostics), Merck KGGA as national sales and marketing manager and Soltec (FH Faulding Ltd) as their Director of business development. Paul also led the commercialisation of Recaldent® a novel biopharmaceutical arising from research at the dental school, University of Melbourne. Paul took an R&D project from the laboratory bench to a commercial product now marketed globally as an additive to oral care products. More recently Paul worked in a number of positions with Mesoblast Ltd. Paul was the inaugural COO and moved into Executive Vice President New Product Development for the adult stem cell company. For the past year Paul has worked full time at Paradigm Biopharmaceuticals Limited.

Christopher Fullerton, Non-Executive Director (Appointed on 30 September 2014)

Christopher Fullerton, BEc, has extensive experience in investment, management and investment banking and is a qualified chartered accountant. He is an investor in listed equities and private equity and his current unlisted company directorships cover companies in the property investment and agriculture sectors. Mr Fullerton's exposure to and experience in the fields of biotechnology and health care technology was gained through his non-executive chairmanships of Bionomics Limited, Cordlife Limited and Health Communication Network Limited and his non-executive directorship of Global Health Limited.

John Gaffney, Non-Executive Director (Appointed on 30 September 2014)

John Gaffney LL.M is a lawyer with over 30 years' experience and has undertaken the AICD Company Directors qualification. He brings to the board a compliance and corporate governance background and is experienced in financial services compliance. John also has corporate and commercial experience having worked with a major national law firm as a senior lawyer and also practised as a Barrister at the Victorian Bar. Previously John has been a non-executive Director of a US based biotechnology company.

COMPANY SECRETARY

Kevin Hollingsworth, Company Secretary (Appointed on 02 May 2014)

Kevin Hollingsworth, FCPA, FCMA, CGMA, in addition to his duties at Paradigm, serves as Principal of Hollingsworth Financial Services. Prior to that he served as Chief Financial Officer and Company Secretary of Mesoblast Limited (ASX: MSB), before which he held the same positions at Patrys Limited (ASX: PAB). At Alpha Technologies Corporation Limited (ASX: ASU), Kevin Hollingsworth served as a Non-Executive Director. He has served as National President of CIMA Australia, State Councillor for CPA Australia and Chairman of the National and Victorian Industry and Commerce Accountants Committees. He is a Chartered Global Management Accountant and Fellow of CPA Australia and Chartered Management Accountants.

DIRECTORSHIPS IN OTHER LISTED ENTITIES

Directorships of other listed entities held by Directors of the Consolidated Entity during the last 3 years immediately before the end of the financial year are as follows:

		Period of directorship	
Director	**Company**	**From**	**To**
Graeme Kaufman	IDT Australia Limited	01-Jun-13	Current
	Cellmid Limited	27-Aug-12	30-Jun-15

DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of committees of Directors) and the number of meetings attended by each of the Directors of the Consolidated Entity during the financial year are:

	Board		Nomination & Remuneration Committee		Audit & Risk Committee	
Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Graeme Kaufman	7	7	2	2	2	2
Paul Rennie	7	7	2	2	2	2
Christopher Fullerton	7	7	2	2	2	2
John Gaffney	7	7	2	2	2	2

Committee membership

As at the date of the report, the Consolidated Entity had a Nomination and Remuneration Committee and an Audit and Risk Committee of the Board of Directors. Members acting on the committees of the Board during the financial year were:

Nomination & Remuneration Committee	**Audit & Risk Committee**
Graeme Kaufman	Graeme Kaufman
Paul Rennie	Christopher Fullerton
Christopher Fullerton	John Gaffney
John Gaffney	

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity are researching and developing therapeutic products for human use. It is a drug repurposing company which seeks to find new uses for old drugs, thereby reducing the cost and time to bring therapeutics to market.

OPERATING REVIEW

The Consolidated Entity made a loss for the financial year ended 30 June 2017 of $4,275,446 (2016: Loss of $2,924,425).

Consolidated revenue including other income during the period was $1,848,924 (2016: $1,394,161). This revenue included interest of $25,621 (2016: $103,568), and an R&D tax incentive of $1,823,303 (2016: $1,290,593).

The consolidated total expenses for the period were $6,124,370 (2016: $4,318,586).

The research and development expenses for the period were $4,232,950 (2016: $2,867,985).

The other operating expenses during the period were $1,891,420 (2016: $1,450,601).

Basic and diluted net loss per share increased to 4.47 cents (2016: 3.60 cents) due to the increased number of shares.

In June 2017, the Consolidated Entity was verbally informed by its Contract Research Organisation that its Phase 2a allergic rhinitis (hay fever) clinical trial did not meet its primary endpoints (total nasal symptom score and peak nasal respiratory flow) using the current nasal PPS formulation. The Consolidated Entity anticipates receiving the final report shortly allowing for an independent expert to conduct an in-depth investigation, in order to determine the next steps for the allergic rhinitis program. Whilst the result was an unexpected outcome, it should be noted that the result does not affect other programs and that the Consolidated Entity conducted the Phase 2a clinical trial to the highest possible quality standards and was professionally executed within budget and on time. The Consolidated Entity's respiratory patent covers the use of PPS to treat allergic rhinitis (hay fever), asthma and COPD. After careful review of the allergic rhinitis data we will be in a position to outline our clinical developments plans for our respiratory franchise.

ENVIRONMENTAL REGULATION

The Consolidated Entity's operations are not regulated by any significant environmental law of the Commonwealth or of a state or territory of Australia.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the entities in the Consolidated Entity during the year.

DIVIDENDS

No dividends were declared or paid since the start of the financial year. No recommendation for payment of dividends has been made.

EVENTS SUBSEQUENT TO BALANCE DATE

No other 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.

LIKELY DEVELOPMENTS

There no likely developments.

CORPORATE GOVERNANCE

The Consolidated Entity's Corporate Governance Statement can be found in Appendix A.

DIRECTORS' INTERESTS

The relevant interest of each Director in the shares and options issued by the Consolidated Entity at the date of this report is as follows:

Director	Ordinary shares
Graeme Kaufman	2,074,250
Paul Rennie	22,389,543
Christopher Fullerton	700,000
John Gaffney	703,250

INDEMNIFICATION AND INSURANCE OF OFFICERS

Indemnification

The Consolidated Entity has agreed to indemnify the current Directors of the Consolidated Entity against all liabilities to another person (other than the Consolidated Entity or a related body corporate) that may arise from their position as Directors of the Consolidated Entity, except where the liability arises out of conduct involving a lack of good faith.

The agreement stipulates that the Consolidated Entity will meet to the maximum extent permitted by law, the full amount of any such liabilities, including costs and expenses.

Insurance premiums

The Consolidated Entity paid a premium during the year in respect of a Director and officer liability insurance policy, insuring the Directors of the Consolidated Entity, the Company Secretary, and all Executive Officers of the Consolidated Entity against a liability incurred as such a Director, Secretary or Executive Officer to the extent permitted by the Corporations Act 2001. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and Officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

Proceedings on behalf of the Consolidated Entity

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Consolidated Entity, or to intervene in any proceedings to which the Consolidated Entity is a party for the purpose of taking responsibility on behalf of the Consolidated Entity for all or part of those proceedings.

Non-audit services

The Consolidated Entity's auditor, RSM Australia, was appointed in July 2014 for audit services and also provided taxation services during the year.

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 24 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 24 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Consolidated Entity, acting as advocate for the Consolidated Entity or jointly sharing economic risks and rewards.

Officers of the Consolidated Entity who are former partners of RSM Australia

There are no Officers of the Consolidated Entity who are former partners of RSM Australia.

Auditor's independence declaration

The Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 19 of the financial report.

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

AUDITED REMUNERATION REPORT

This Remuneration Report outlines the Director and Executive Remuneration arrangements of the Consolidated Entity in accordance with the requirements of the *Corporations Act 2001* and the *Corporations Regulations 2001*.

For the purposes of this report, Key Management Personnel of the Consolidated Entity are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Consolidated Entity, directly or indirectly, including any Director (whether executive or otherwise) of the Consolidated Entity. The Consolidated Entity does not presently employ any Executives, other than the Executive Director.

KEY MANAGEMENT PERSONNEL

The following were Key Management Personnel of the Consolidated Entity at any time during the year and unless otherwise indicated were Key Management Personnel for the entire year:

Name	Position held	Date Appointed
Graeme Kaufman	Chairman & Non-Executive Director	2 May 2014
Paul Rennie	Managing & Executive Director	2 May 2014
Christopher Fullerton	Non-Executive Director	30 September 2014
John Gaffney	Non-Executive Director	30 September 2014
Kevin Hollingsworth	Chief Financial Officer & Company Secretary	2 May 2014

REMUNERATION COMMITTEE

The Nomination and Remuneration Committee proposes candidates for Director appointment for the Board's consideration, reviews the fees payable to both Executive and Non-Executive Directors and reviews and advises the Board in relation to Chief Executive Officer succession planning. The Nomination and Remuneration Committee has the authority to consult any independent professional adviser it considers appropriate to assist it in meeting its responsibilities.

The Nomination and Remuneration Committee is a committee of the Board and is established in accordance with the authority provided in the Consolidated Entity's constitution.

The Board is responsible to shareholders for ensuring that the Consolidated Entity:

- has coherent remuneration policies and practices which are observed and which enable it to attract and retain Executives and Directors who will create value for shareholders;
- fairly and responsibly rewards executives having regard to the performance of the Consolidated Entity, the performance of the Executive and the general pay environment;
- provides disclosure in relation to the Consolidated Entity's remuneration policies to enable investors to understand the costs and benefits of those policies and the link between remuneration paid to Directors and key Executives and corporate performance; and
- complies with the provisions of the ASX Listing Rules and the Corporations Act.

PRINCIPLES OF REMUNERATION

The primary purpose of the Nomination and Remuneration Committee is to support and advise the Board in fulfilling its responsibilities to shareholders in ensuring that the Board is appropriately remunerated, structured and comprised of individuals who are best able to discharge the responsibilities of Directors by:

- assessing the size, composition, diversity and skills required by the Board to enable it to fulfil its responsibilities to shareholders, having regard to the Consolidated Entity's current and proposed scope of activities;
- assessing the extent to which the required knowledge, experience and skills are represented on the Board;
- establishing processes for the identification of suitable candidates for appointment to the Board;
- overseeing succession planning for the Board and CEO;
- establishing processes for the review of the performance of individual Directors and the Board as a whole;
- assessing the terms of appointment and remuneration arrangements for Non-Executive Directors; and
- assessment and reporting to the Board

Remuneration structure

In accordance with best practice Corporate Governance, the structure of Non-Executive Directors' Remuneration is clearly distinguished from that of Executives.

Non-Executive Director Remuneration

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. Remuneration of Non-Executive Directors is determined in maximum aggregate by the shareholders, and is allocated by the Board on the recommendation of the Remuneration Committee. The Remuneration Committee will take independent advice in respect to Directors' fees on an as needed basis.

There is no separate payment made for attendance at Board committee meetings or for other attendances to Consolidated Entity or Board activities.

Directors are not required to hold shares in the Consolidated Entity as part of their appointment.

There is to be no plan to provide remuneration, reward or other benefits to Non-Executive Directors upon the cessation of them holding office as a Director.

Executive remuneration

Executive Directors receive no extra remuneration for their service on the Board beyond their executive salary package.

Fixed compensation

Fixed compensation consists of base compensation, as well as employer contributions to superannuation funds. Compensation levels are reviewed annually by the remuneration committee through a process that considers individual, segment and overall performance of the Consolidated Entity.

Short-term incentives

Executive Key Management Personnel may receive short-term incentives.

Long-term incentives

Share-based compensation - Options granted to Directors and key management personnel

The Consolidated Entity has a long-term incentive plan being the Employee Share Plan (ESP). Refer to Note 11 for further information on the Plan. The shares issued under the ESP are considered to be options under the Australian Accounting standards.

Issue of shares

Details of shares issued to Directors and other Key Management Personnel as part of the ESP compensation:

Name	Date	Shares	Issue price	Fair value of issued shares	$
Graeme Kaufman	29 May 2015	1,200,000	$0.35	$0.208	249,600
Paul Rennie	29 May 2015	600,000	$0.35	$0.208	124,800
	30 November 2016	140,000	$0.33	$0.268	37,553
Christopher Fullerton	29 May 2015	600,000	$0.35	$0.208	124,800
John Gaffney	29 May 2015	600,000	$0.35	$0.208	124,800
Kevin Hollingsworth	29 May 2015	600,000	$0.35	$0.208	124,800

Movement in shares

The movement during the reporting period in the number of ordinary shares in Paradigm Biopharmaceuticals Limited held directly, indirectly or beneficially by each Director and Key Management Personnel, including their related entities in as follows:

	Held at year opening	Purchases	Disposals	Issued via ESP	Held at year end
Directors & Key Management Persons					
Graeme Kaufman	2,043,000	31,250	-	-	2,074,250
Paul Rennie	21,547,876	701,667	-	140,000	22,389,543
Christopher Fullerton	617,145	82,855	-	-	700,000
John Gaffney	632,000	71,250	-	-	703,250
Kevin Hollingsworth	3,571,871	-	-	-	3,571,871

EMPLOYMENT AGREEMENTS

The Board has reviewed the remuneration package for the Chief Executive Officer on 31 May 2017. The Remuneration and other terms of employment for the Chief Executive Officer is formalised in a service agreement. Details of this agreement are as follows:-

Name:	Paul Rennie
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	7 November 2014
Term of agreement:	3 years
Details:	Base annual package *, Short-term incentives ** and discretionary share based Long-term incentives ***, subject to annual performance review, 6 month termination notice by either party, 3-12 month non-solicitation clause after termination depending on the area. The Consolidated Entity may terminate the agreement with cause in certain circumstances such as gross misconduct.

* Base annual package for financial year 2017/18 - $380,000 per annum plus statutory Superannuation, to be reviewed annually by the Nomination and Remuneration Committee

** Short-term incentives paid as a cash bonus to award for financial year 2016/17 – 25% of base ($87,500)

*** Long-term incentives via invitation to participate in the Consolidated Entity's Employee Share Plan. 140,000 Ordinary Shares was granted as at 30 November 2016 at an exercise price of $0.33. This issue was funded by a limited recourse loan from the Consolidated Entity.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Details of the nature and amount of each major element of the remuneration of each Key Management Personnel of the Consolidated Entity for the year ended 30 June 2017 are:

		Short-term		Post-employment	Long-term	Share-based payments			
		Salary & fees	Cash Bonus	Superannuation benefits	Long service leave	Options	Total	Proportion of remuneration performance related	Value of options as proportion of remuneration
		$	$	$	$	$	$	%	%
Directors & Key Management Personnel									
Non-executive									
Graeme Kaufman		110,000	-	10,450	-	-	120,450	0.0%	0.00%
Christopher Fullerton		55,000	-	5,225	-	-	60,225	0.0%	0.00%
John Gaffney		55,000	-	5,225	-	-	60,225	0.0%	0.00%
Executive									
Paul Rennie		350,000	87,500	41,563	-	37,553	516,616	18.55%	7.27%
Kevin Hollingsworth		55,000	-	5,225	-	-	60,225	0.0%	0.00%
Total	**2017**	**625,000**	**87,500**	**67,688**	**-**	**37,553**	**817,741**	**11.72%**	**4.59%**

REMUNERATION OF KEY MANAGEMENT PERSONNEL (cont'd)

Details of the nature and amount of each major element of the remuneration of each Key Management Personnel of the Consolidated Entity for the year ended 30 June 2016 are:

		Short-term		Post-employment	Long-term	Share-based payments			
		Salary & fees	Cash Bonus	Superannuation benefits	Long service leave	Options	Total	Proportion of remuneration performance related	Value of options as proportion of remuneration
		$	$	$	$	$	$	%	%
Directors & Key Management Personnel									
Non-executive									
Graeme Kaufman		105,667	-	10,038	-	-	115,705	0.0%	0.00%
Christopher Fullerton		45,833	-	4,354	-	-	50,187	0.0%	0.00%
John Gaffney		45,833	-	4,354	-	-	50,187	0.0%	0.00%
Executive									
Paul Rennie		253,333	70,000	30,717	-	-	354,050	21.65%	0.00%
Kevin Hollingsworth		58,833	-	5,589	-	-	64,422	0.0%	0.00%
Total	**2016**	**509,499**	**70,000**	**55,052**	**-**	**-**	**634,551**	**21.65%**	**0.00%**

REMUNERATION OF KEY MANAGEMENT PERSONNEL (cont'd)

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Non-executive						
Graeme Kaufman	100.00%	100.00%	-	-	-	-
Christopher Fullerton	100.00%	100.00%	-	-	-	-
John Gaffney	100.00%	100.00%	-	-	-	-
Executive:						
Paul Rennie	74.18%	78.35%	18.55%	21.65%	7.27%	-
Kevin Hollingsworth	100.00%	100.00%	-	-	-	-

Cash bonuses are dependent on meeting defined performance measures. The amount of the bonus is determined having regard to the satisfaction of performance measures. The maximum bonus values are established at the start of each financial year and amounts payable are determined in the final month of the financial year by the Nomination and Remuneration Committee

REMUNERATION OF KEY MANAGEMENT PERSONNEL (cont'd)

The proportion of the cash bonus paid/payable or forfeited is as follows:

	Cash bonus paid/payable		Cash bonus forfeited	
Name	**2017**	**2016**	**2017**	**2016**
Non-executive				
Graeme Kaufman	-	-	-	-
Christopher Fullerton	-	-	-	-
John Gaffney	-	-	-	-
Executive:				
Paul Rennie	100%	100%	-	-
Kevin Hollingsworth	-	-	-	-

This is the end of the audited Remuneration Report.

Dated at Melbourne, Victoria this 29th day of August 2017.

Signed in accordance with a resolution of the Directors:

Graeme Kaufman
Chairman

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Paradigm Biopharmaceuticals Limited for the year ended 30 June 2017 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

29 August 2017
Melbourne, Victoria

PARADIGM BIOPHARMACEUTICALS LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2017

	Notes	Period from 1-Jul-16 to 30-Jun-17 $	Period from 1-Jul-15 to 30-Jun-16 $
Other income	2	1,848,924	1,394,161
Research and development		(4,232,950)	(2,867,985)
Employee expenses	3	(590,524)	(700,625)
General and administration expenses		(1,300,896)	(749,976)
Loss before income tax		**(4,275,446)**	**(2,924,425)**
Income tax expense / (benefit)		-	-
Loss for the year		**(4,275,446)**	**(2,924,425)**
Other comprehensive income		**-**	**-**
Total comprehensive income attributable to members of the consolidated entity		**(4,275,446)**	**(2,924,425)**
Earnings per share (cents)			
Basic and diluted earnings per share	16	(4.47) cents	(3.60) cents

The consolidated statement of profit or loss is to be read in conjunction with the accompanying notes.

PARADIGM BIOPHARMACEUTICALS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

	Notes	2017 $	2016 $
ASSETS			
Current assets			
Cash and cash equivalents	4	2,590,812	2,998,352
Trade and other receivables	5	1,814,612	1,342,224
Prepaid expenses	6	20,993	8,040
Total current assets		**4,426,417**	**4,348,616**
Non-current assets			
Intangible assets	7	9,904,830	7,987,552
Plant and equipment	8	13,962	10,635
Total non-current assets		**9,918,792**	**7,998,187**
Total assets		**14,345,209**	**12,346,803**
LIABILITIES			
Current liabilities			
Trade and other payables	9	806,264	1,026,308
Employee benefits	10	149,025	90,376
Total current liabilities		**955,289**	**1,116,684**
Net assets		**13,389,920**	**11,230,119**
EQUITY			
Issued capital	11	21,057,052	15,071,813
Share options reserve	12	1,249,910	799,902
Accumulated losses	13	(8,917,042)	(4,641,596)
Total equity		**13,389,920**	**11,230,119**

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

PARADIGM BIOPHARMACEUTICALS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2017

	Period from 1-Jul-16 to 30-Jun-17 $	Period from 1-Jul-15 to 30-Jun-16 $
Cash flows from operating activities		
Research and development tax incentive received	1,340,314	-
Payments to suppliers and employees (Inclusive of GST)	(5,838,465)	(3,689,020)
Interest received	27,747	101,442
Net cash outflow from operating activities	**(4,470,404)**	**(3,587,578)**
Cash flows from investing activities		
Payments for intangible assets	(1,902,421)	(752,581)
Payments for plant and equipment	(19,954)	(12,968)
Net cash outflow from investing activities	**(1,922,375)**	**(765,549)**
Cash flows from financing activities		
Proceeds from the issue of share capital	6,504,000	8,000,000
Payment of share issue costs	(518,761)	(631,490)
Net movement in related party loans	-	(141,388)
Net cash inflow from financing activities	**5,985,239**	**7,227,122**
Net (decrease) in cash and cash equivalents	**(407,540)**	**2,873,495**
Cash at the beginning of the financial period	**2,998,352**	**124,857**
Cash at the end of the financial period	**2,590,812**	**2,998,352**

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

PARADIGM BIOPHARMACEUTICALS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2017

	Issued Capital $	Share Option Reserve $	Accumulated Losses $	Total $
Balance at 30 June 2015	**1,577,497**	**748,800**	**(1,717,171)**	**609,126**
Loss for the period	-	-	(2,924,425)	(2,924,425)
Shares issued	14,823,334	-	-	14,823,334
Costs in relation to shares issued	(1,329,018)	-	-	(1,329,018)
Fair value of shares issued to eligible employees under the plan	-	51,102	-	51,102
Balance at 30 June 2016	**15,071,813**	**799,902**	**(4,641,596)**	**11,230,119**
Loss for the period	-	-	(4,275,446)	(4,275,446)
Shares issued (Note 11)	6,504,000	-	-	6,504,000
Costs in relation to shares issued	(518,761)	-	-	(518,761)
Fair value of shares issued to eligible employees under the plan	-	450,008	-	450,008
Balance at 30 June 2017	**21,057,052**	**1,249,910**	**(8,917,042)**	**13,389,920**

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the Financial Statements are set out below. These policies have been consistently applied to all the years presented, 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.

(a) Reporting entity

Paradigm Biopharmaceuticals Limited (the "Consolidated Entity") is a company incorporated and domiciled in Australia. Paradigm Biopharmaceuticals Limited is a company limited by shares which are publicly traded on the Australian Securities Exchange from 19 August 2015. The consolidated financial report of the Consolidated Entity for the year ended 30 June 2017 comprises the company and controlled entities (together referred to as the "Consolidated Entity").

The nature of the operations and principal activities of the Consolidated Entity are described in the Directors' Report.

For the purposes of preparing the Financial Statements the Consolidated Entity is a for-profit entity.

(b) Basis of preparation

Statement of Compliance

This financial report is a general purpose financial report prepared in accordance with the Australian Accounting Standards ("AASs") (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*. This Consolidated Financial Report complies with the International Financial Reporting Standards ("IFRSs") and interpretations adopted by the International Accounting Standards Board (IASB).

Basis of measurement

Historical cost convention

The Financial Statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the Financial Statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements, are disclosed in note 1 (c).

Significant accounting policies

The accounting policies set out below have been applied consistently by the Consolidated Entity to all periods presented in these Financial Statements.

New and amended standards adopted by the entity.

The Consolidated Entity has reviewed and applied all new accounting standards and amendments applicable for the first time in their annual reporting period commencing 1 July 2016, and determined that there was no material impact on the Consolidated Entity's Financial Statements in the current reporting year.

(c) Significant accounting estimates, assumptions and judgements

The preparation of the Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the Financial Statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Significant accounting estimates, assumptions and judgements (cont'd)

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Estimation of useful lives of assets

The Consolidated Entity determines the estimated useful lives and related depreciation and amortisation charges for its plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Consolidated Entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Consolidated Entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

(d) Summary of Significant Accounting Policies

(i) Basis of consolidation

Parent entity

In accordance with the Corporations Act 2001, these Financial Statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in note 18.

Subsidiaries

The consolidated Financial Statements comprise those of the Consolidated Entity, and the entities it controlled at the end of, or during, the financial year. The balances and effects of transactions between entities in the Consolidated Entity included in the Financial Statements have been eliminated. Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

Subsidiaries are entities controlled by the Consolidated Entity. Control exists when the Consolidated Entity is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The Financial Statements of subsidiaries are included in the consolidated Financial Statements from the date control is transferred to the Consolidated Entity until the date that control ceases.

Transactions eliminated on consolidation

Intra-company balances and all gains and losses or income and expenses arising from intra-company transactions are eliminated in preparing the consolidated Financial Statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(ii) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above but also include as a component of cash and cash equivalents bank overdrafts (if any), which are included as borrowings on the statement of financial position.

(iii) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

(iv) Investments

Investments are initially measured at cost. Transaction costs are included as part of the initial measurement. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

(v) Intangible assets

(a) Intellectual property and licences - Patents

Patents have a finite useful life and are carried at cost less accumulated amortisation and impairment losses once the patents are considered held ready for use. Intellectual property and licences are amortised on a systematic basis matched to the future economic benefits over the useful life of the project once the patents are considered held ready for use.

(b) Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

(vi) Impairment

At the end of each reporting period, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of the money and risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(vi) Impairment (cont'd)

The Consolidated Entity bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Consolidated Entity's projects to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

(vii) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Consolidated Entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

(viii) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the entity during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within the requisite terms specified by the supplier.

(ix) Share capital

Ordinary and preference shares are classified as equity.

Any incremental costs directly attributable to the issue of new shares or options are recognised in equity as a deduction, net of tax, from the proceeds.

(x) Provisions

Provisions are recognised when the Consolidated Entity has a present (legal or constructive) obligation as a result of a past event, it is probable the Consolidated Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

(xi) Revenue

Interest income

Interest income is recognised on a time proportion basis using the effective interest rate method.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Government grants

Grants that compensate the Consolidated Entity for expenditures incurred are recognised in profit or loss on a systematic basis in the periods in which the expenditures are recognised. R&D tax offsets received will be recognised in profit before tax (in EBIT) over the periods necessary to match the benefit of the credit with the costs for which it is intended to compensate. Such periods will depend on whether the R&D costs are capitalised or expensed as incurred

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(xii) Employee Benefits

Wages and salaries, cash bonus, annual leave and long service leave

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. Provisions made in respect of employee benefits are measured based on an assessment of the existing benefits to determine the appropriate classification under the definition of short-term and long-term benefits, placing emphasis on when the benefit is expected to be settled.

Short-term benefits provisions that are expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Long term benefits provisions that are not expected to be settled within 12 months, and are measured as the present value of the estimated future cash outflows to be made by the Consolidated Entity in respect of services provided by employees up to reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date to estimate the future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.

Regardless of the expected timing of settlement, provisions made in respect of employee benefits are classified as a current liability unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability. Provisions made for annual leave and unconditional long service leave are classified as a current liability where the employee has a present entitlement to the benefit. Provisions for conditional long service are classified as non-current liability.

Share-based payments

The Consolidated Entity operates an incentive scheme to provide these benefits, known as the Paradigm Biopharmaceuticals Limited Employee Share Plan ("ESP") approved on 22 October 2014. Issues of shares to employees with limited recourse loans under the ESP are considered to be share based payments in the form of options.

The fair value of options granted under the ESP is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. The fair value at grant date is determined using a binomial pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the limited recourse loan. In valuing share-based payment transactions, no account is taken of any non-market performance conditions.

The Consolidated Entity provides benefits to employees (including Directors) of the Consolidated Entity in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares.

The cost of share-based payment transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Consolidated Entity, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(xiii) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(xiv) Tax consolidation

The Consolidated Entity and its wholly-owned Australian resident entities are part of a tax-consolidated entity. As a consequence, all members of the tax-consolidated entity are taxed as a single entity. The head entity within the tax-consolidated entity is Paradigm Biopharmaceuticals Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated entity are recognised in the separate Financial Statements of the members of the tax-consolidated entity using the 'separate taxpayer within Consolidated Entity' approach by reference to the carrying amount of assets and liabilities in the separate Financial Statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated entity. Any difference between these amounts is recognised by the Consolidated Entity as an equity contribution or distribution.

The Consolidated Entity recognises deferred tax assets arising from unused tax losses of the tax-consolidated entity to the extent that it is probable that future taxable profits of the tax-consolidated entity will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

(xv) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(xvi) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows at their nominal value inclusive of GST.

(xvii) Earnings per share

The Consolidated Entity presents basic and, when applicable, diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Consolidated Entity by the weighted average number of ordinary shares outstanding during the period.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(xvii) Earnings per share (cont'd)

Diluted EPS is calculated by adjusting basic earnings for the impact of the after tax effect of costs associated with dilutive ordinary shares and the weighted average number of additional ordinary shares that would be outstanding assuming the conversion of all dilutive potential ordinary shares. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(xviii) Determination of fair values

A number of the Consolidated Entity's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Share-based payment transactions

Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

Foreign currency translation

The Financial Statements are presented in Australian dollars, which is Paradigm Biopharmaceuticals Limited's functional and presentation currency.

(xix) New accounting standards and interpretations applicable to the Consolidated Entity in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Consolidated Entity. The Consolidated Entity has decided not to early adopt any of the new and amended pronouncements. The Consolidated Entity's assessment of the new and amended pronouncements that are relevant to the Consolidated Entity but applicable in future reporting periods is set out below.

The following are applicable for annual reporting periods commencing on or after the indicated date but are not considered to materially impact on the Consolidated Entity;

Applicable after 1 July 2015
AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality*

New standards and interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2017. The Consolidated Entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Consolidated Entity, are set out below:

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018. The impact is expected to be immaterial as per in Note 17 there are minimal financial instruments in the accounts.

New standards and interpretations issued but not yet effective (cont'd)

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is minimal as the Consolidated Entity is still in the research phase and is yet to generate revenue. Currently revenue is minimal and relates to mainly interest and R&D rebates.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (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 will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 but there is no impact as there are no operating leases in place as at 30 June 2017.

	2017 $	2016 $
2. OTHER INCOME		
R&D tax incentive	1,823,303	1,290,593
Interest received	25,621	103,568
	1,848,924	**1,394,161**
3. EMPLOYEE EXPENSES		
Wages, salaries and self-employed contractors expenses	34,165	151,506
Performance bonus	23,460	163,600
Defined contribution superannuation expenses	26,374	47,731
Increase in liability for employee benefits expenses	58,650	61,167
Non-executive directors fees	220,000	197,333
Fair values of shares issued to eligible employees under the ESP	179,483	51,102
Workcover	3,542	2,330
Payroll tax	44,850	25,856
	590,524	**700,625**
4. CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	2,590,812	2,998,352
	2,590,812	**2,998,352**
5. TRADE AND OTHER RECEIVABLES		
GST receivable	41,030	49,505
Interest receivable	-	2,126
R&D Tax Incentive receivable	1,773,582	1,290,593
	1,814,612	**1,342,224**
6. PREPAID EXPENSES		
Prepaid insurance	16,370	8,040
Other prepaid expenses	4,623	-
	20,993	**8,040**
7. INTANGIBLE ASSETS		
Patents	9,904,830	7,987,552
Less: Accumulated amortisation	-	-
	9,904,830	**7,987,552**
Reconciliation		
Carrying amount at the beginning of the period	7,987,552	356,288
Additions during the period	1,917,278	7,631,264
Disposals	-	-
Amortisation expense	-	-
Balance at the end of the financial year	**9,904,830**	**7,987,552**

7. INTANGIBLE ASSETS (cont'd)

The Consolidated Entity performed its annual impairment test in June 2017. There was a particular focus on the respiratory asset due to the unexpected outcome of Phase 2a Allergic Rhinitis clinical trial which failed to meet its primary clinical endpoints. The Consolidated Entity remains committed to its respiratory asset. The Allergic Rhinitis Phase 2 study could be repeated or the Allergic Rhinitis program may be terminated in preference to its Asthma or Chronic Obstructive Pulmonary Disease (COPD) programs depending on the findings of the potential reasons for the lack of translation of the preclinical Allergic Rhinitis results into the Phase 2 human clinical trial.

Respiratory patent

The respiratory patent covers the use of PPS for treating Allergic Rhinitis, Allergic Asthma and COPD. The Respiratory patent is now granted in Australia, New Zealand, China, Canada and Europe.

The recoverable amount of the respiratory patent as at 30 June 2017, has been determined based on a value-in-use calculation using a 2 year cash flow projection from financial budgets approved by senior management and extrapolated for a further 3 years using a 10% growth rate. The pre-tax discount rate applied to cash flow projections is 11.4%. It was concluded that the fair value less costs of disposal exceed the value-in-use. As a result of this analysis, management has not recognized an impairment charge.

IL-1RA Peptide (anti-inflammatory/autoimmune patent)

The recoverable amount of the anti-inflammatory/autoimmune patent as at 30 June 2017 is also determined based on a value-in-use calculation using a 2 year cash flow projection from financial budgets approved by senior management and extrapolated for a further 3 years using a 10% growth rate. The pre-tax discount rate applied to cash flow projections is 11.4%. It was concluded that the fair value less costs of disposal exceed the value-in-use. As a result of this analysis, management has not recognized an impairment charge.

Key assumptions used in value-in-use calculations and sensitivity to changes in assumptions

The calculation of value-in-use for both respiratory and anti-inflammatory/autoimmune patents is most sensitive to the following assumptions:

- Discount rate
- Growth rate
- Comparable deals for drug treatments

The discount rate of 11.4% pre-tax reflects the Consolidated Entity's estimated cost of capital based on the risk free rate, market risk premium and the volatility of the share price relative to market movements. If the discount rate is increased to 20%, the recoverable amount of the respiratory and anti-inflammatory/autoimmune patents are decreased by 29.5% and 23.7% respectively. These recoverable amounts comfortably remain above their carrying values.

Management believes the estimated 10% growth rate for expenses is prudent.

The comparable deals used in the value-in-use calculation are conservative based on the current market space. If the comparable deals are increased by 10%, the recoverable amount of the respiratory and anti-inflammatory/autoimmune patents are increased by 17% and 3% respectively.

	2017	2016
	$	$
8. PLANT AND EQUIPMENT		
Computer equipment	18,759	4,814
Less: Accumulated depreciation	(14,006)	(1,531)
	4,753	**3,283**
Reconciliation		
Carrying amount at the beginning of the period	3,283	-
Additions during the period	17,098	4,814
Disposals	(3,153)	-
Depreciation expense	(12,475)	(1,531)
Balance at the end of the financial year	**4,753**	**3,283**
Clinical trial equipment	8,154	8,154
Less: Accumulated depreciation	(3,253)	(802)
	4,901	**7,352**
Reconciliation		
Carrying amount at the beginning of the period	7,352	-
Additions during the period	-	8,154
Disposals	-	-
Depreciation expense	(2,451)	(802)
Balance at the end of the financial year	**4,901**	**7,352**
Office equipment	4,390	-
Less: Accumulated depreciation	(82)	-
	4,308	**-**
Reconciliation		
Carrying amount at the beginning of the period	-	-
Additions during the period	4,390	-
Disposals	-	-
Depreciation expense	(82)	-
Balance at the end of the financial year	**4,308**	**-**
9. TRADE AND OTHER PAYABLES		
Trade and other creditors	769,675	989,719
Shareholder loans	36,589	36,589
	806,264	**1,026,308**

	2017 $	2016 $
10. EMPLOYEE BENEFIT PROVISION		
Annual leave and on-costs	149,025	90,376
	149,025	**90,376**

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Consolidated Entity does not have an unconditional right to defer settlement.

11. ISSUED CAPITAL

	2017 Number of Shares	2016 Number of Shares	2017 $	2016 $
Ordinary shares fully paid	101,925,220	87,580,220	21,057,052	15,071,813

The following movements in issued capital occurred during the year:

	2017		2016	
	Number of Shares	$	Number of Shares	$
Ordinary Shares				
Balance as at the beginning of the period	87,580,220	15,071,813	37,368,333	1,577,497
Ordinary shares issued	13,550,000	6,504,000	42,352,381	14,823,334
Ordinary shares issue costs (Net of GST)	-	(518,761)		(1,329,018)
Shares issued under ESP	795,000	-	-	-
Cancellation of Preference shares	-	-	(1,835,000)	(1,835,000)
Preference shares conversion to Ordinary shares	-	-	9,694,506	1,835,000
Balance as at the end of the period	**101,925,220**	**21,057,052**	**87,580,220**	**15,071,813**

In addition, the Consolidated Entity has the following unlisted options:-

(i) 3,023,812 unlisted options exercisable at $0.375 each on or before 07 August 2018;
(ii) 1,714,285 unlisted options exercisable at $0.50 each on or before 07 August 2018; and
(iii) 2,000,000 unlisted options exercisable at $0.40 each on or before 19 January 2020 in accordance with existing corporate services mandate.

11. ISSUED CAPITAL (cont'd)

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Consolidated Entity in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Consolidated Entity does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

The Consolidated Entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Consolidated Entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Consolidated Entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Consolidated Entity's share price at the time of the investment. The Consolidated Entity is not actively pursuing additional investments in the short-term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Consolidated Entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2016 Annual Report.

	2017 $	2016 $
12. SHARE OPTIONS RESERVES		
Balance as at the beginning of the period	799,902	748,800
Fair values of shares issued to eligible employees under the ESP	179,483	51,102
Fair values of options issued to third party under the share-based payment arrangement	270,525	-
	1,249,910	**799,902**

Once approved by the Board, monies are loaned by the Consolidated Entity interest free and on a non-recourse basis to participants to finance the purchase of shares in the Consolidated Entity. The ESP shares are registered in the name of participants but are subject to a restriction on disposal for a period of five years (from date of issue) and for further periods whilst they remain financed. On cessation of employment, the entitlement to any shares held for less than three years is pro-rated.

On 28 July 2016 and 30 November 2016, 230,000 shares and 140,000 shares were issued at a price of $0.37 per share. A further invitation of ESP shares of 425,000 based on 2017 performance were granted on 31 May 2017 at a price of $0.63 per share.

The shares issued under the ESP are treated as options for accounting purposes. They do not expire, and vest immediately on grant date.

Fair values at loan date are determined using a Hoadley pricing model that takes into account the issue price, the term of the loan, the share price at loan date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the loan.

The weighted average share price during the financial year was $0.49. The weighted average remaining contractual life of options outstanding at the end of the financial year was 4.59 years.

12. SHARE OPTIONS RESERVE (cont'd)

Set out below are summaries of options granted under the plan**:**

2017

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Balance at the end of the year
31/05/2017	31/05/2022	$0.63	-	425,000	-	425,000
30/11/2016	30/11/2021	$0.33	-	140,000	-	140,000
28/07/2016	28/07/2021	$0.33	3,600,000	230,000	-	3,830,000
			3,600,000	**795,000**	**-**	**4,395,000**

2016

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Balance at the end of the year
29/05/2015	29/05/2020	$0.35	3,600,000	-	-	3,600,000
			3,600,000	**-**	**-**	**3,600,000**

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follow:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Fair value at grant date
31/05/2017	31/05/2022	$0.62	$0.63	90.00%	0.00%	$0.33
30/11/2016	30/11/2021	$0.37	$0.33	90.00%	0.00%	$0.22
28/07/2016	28/07/2021	$0.37	$0.33	90.00%	0.00%	$0.22

13. ACCUMULATED LOSSES

	2017 $	2016 $
Balance as at the beginning of the period	(4,641,596)	(1,717,171)
Loss for the accounting period	(4,275,446)	(2,924,425)
	(8,917,042)	**(4,641,596)**

14. COMMITMENTS

The Consolidated Entity had no capital commitments as at 30 June 2017 and 30 June 2016.

15. CONTINGENCIES

The Consolidated Entity had no contingent liabilities as at 30 June 2017 and 30 June 2016.

	2017 $	2016 $
16. EARNINGS PER SHARE		
Net loss for the year attributable to ordinary shareholders	**(4,275,446)**	**(2,924,425)**
Basic earnings per share		
Basic number of ordinary shares	**Number**	**Number**
Balance at the beginning of the year	**81,234,043**	35,533,333
Issue of shares - Xosoma share swap	-	17,519,008
Preference shares conversion	-	8,393,052
IPO Offer	-	19,788,650
Issue of ordinary shares	13,550,000	-
Shares issued under ESP	795,000	-
	95,579,043	**81,234,043**
Basic and diluted earnings per share	**(4.47) cents**	**(3.60) cents**

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

17. FINANCIAL INSTRUMENTS DISCLOSURE

The Consolidated Entity's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and accounts payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies of these Financial Statements, are as follows:

	2017 $	2016 $
Financial assets		
Current		
Cash and cash equivalents	2,590,812	2,998,352
Trade and other receivables	1,814,612	1,342,224
	4,405,424	**4,340,576**
Financial liabilities		
Current		
Trade and other payables	**806,264**	**1,026,308**

17. FINANCIAL INSTRUMENTS DISCLOSURE (cont'd)

Financial risk management objectives

The Consolidated Entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk), credit risk and liquidity risk. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity. The Consolidated Entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Consolidated Entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Consolidated Entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Consolidated Entity's income and expenses or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Equity price risk

The Consolidated Entity is currently not subject to equity price risk movement.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from fluctuations in interest bearing financial assets and liabilities that the Consolidated Entity uses. Interest bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets and investment decisions are governed by the monetary policy.

During the year, the Consolidated Entity had no variable rate interest bearing liability.

It is the Consolidated Entity's policy to settle trade payables within the credit terms allowed and therefore not incur interest on overdue balances

Credit risk

Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Consolidated Entity's receivables from customers and investment securities.

The Consolidated Entity does not presently have customers and consequently does not have credit exposure to outstanding receivables. Trade and other receivables represent GST refundable from the Australian Taxation Office and R&D Tax incentive claims. Trade and other receivables are neither past due nor impaired.

Liquidity risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation.

The Consolidated Entity's objective is to maintain a balance between continuity of funding and flexibility. The Consolidated Entity's exposure to financial obligations relating to corporate administration and projects expenditure, are subject to

budgeting and reporting controls, to ensure that such obligations do not exceed cash held and known cash inflows for a period of at least 1 year.

Fair value of financial assets and liabilities

The fair value of cash and cash equivalents and non-interest bearing financial assets and financial liabilities of the Consolidated Entity is equal to their carrying value.

17. FINANCIAL INSTRUMENTS DISCLOSURE (cont'd)

Liquidity risk (con'd)

Foreign currency risk

The Consolidated Entity's exposure to currency risk is minimal at this stage of the operations.

Commodity price risk

The Consolidated Entity's exposure to price risk is minimal at this stage of the operations.

18. RELATED PARTIES

Parent entity

The Parent Entity is Paradigm Biopharmaceuticals Limited.

Controlled entities

The controlled entities are Paradigm Health Sciences Pty Ltd, Xosoma Pty Ltd and C4M Pharmaceuticals Pty Ltd.

In the Financial Statements of the Consolidated Entity investments in subsidiaries are measured at cost. All entity interests held are fully paid ordinary shares or units.

The consolidated Financial Statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

		Ownership interest	
Name	**Principal place of business**	**2017**	**2016**
		%	**%**
Paradigm Health Sciences Pty Ltd	Australia	100.00%	100.00%
Xosoma Pty Ltd	Australia	100.00%	100.00%
C4M Pharmaceuticals Pty Ltd	Australia	100.00%	100.00%

Subsidiaries

An inter-company loan exists between Paradigm Biopharmaceuticals Limited (parent) and Paradigm Health Sciences (subsidiary) of amounts owing is $334,061 (2016: $334,061).

Receivable from and payable to related parties

There were no transactions that took place to or from related parties at the current and previous reporting date.

	2017 $	2016 $
19. PARENT ENTITY DISCLOSURES		
Set out below is the supplementary information about the parent entity		
Statement of profit or loss and other comprehensive income		
Loss after income tax	**(4,275,446)**	**(2,922,948)**
Statement of financial position		
Total current assets	4,760,469	4,682,667
Total Assets	**14,555,113**	**12,556,707**
Total current liabilities	918,700	1,080,095
Total Liabilities	**918,700**	**1,080,095**
Equity		
Issued capital	23,162,334	16,658,334
Preference shares	-	-
Share issue expenses	(1,995,109)	(1,476,348)
Share options reserve	1,249,910	799,902
Retained earnings	(4,505,277)	(1,582,328)
Current (losses)	(4,275,446)	(2,922,948)
Total Equity	**13,636,412**	**11,476,612**

There are no guarantees entered into by the parent entity in relation to the debts of its subsidiaries

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2017 and 30 June 2016.

Capital commitments

The parent entity had no capital commitments as at 30 June 2017 and 30 June 2016.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Consolidated Entity.

	2017 $	2016 $
20 RECONCILIATION OF CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Loss for the year	**(4,275,446)**	**(2,924,425)**
(Increase) in receivables	(485,341)	(1,334,523)
Depreciation	16,627	2,535
Increase in trade creditors and accruals	273,756	668,835
Net cash used in operating activities	**(4,470,404)**	**(3,587,578)**

21. NON CASH AND INVESTING ACTIVITIES		
Intangible assets included in trade payables	16,343	48,657
Share issue costs included in trade payables	-	550
Acquisition of intangible assets through share swap agreement	-	6,817,209
	16,343	**6,866,416**

22. EVENTS SUBSEQUENT TO REPORTING DATE

No other 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.

23. KEY MANAGEMENT PERSONNEL REMUNERATION DISCLOSURES

The aggregate remuneration made to directors and other members of key management personnel of the consolidated entity is set out below:

	2017 $	2016 $
Short-term employee benefits	712,500	579,499
Post-employment benefits	67,688	55,052
Share-based payments	37,553	-
	817,741	**634,551**

	2017	2016
	$	$

24. AUDITOR REMUNERATION NOTE

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Consolidated Entity:

Audit services - RSM Australia Partners		
Audit or review of the financial statements	50,500	40,000
	50,500	**40,000**
Other services - RSM Australia Partners		
Preparation of the tax return	13,600	2,350
R&D Tax incentive claim	20,923	6,000
	34,523	**8,350**
	85,023	**48,350**

In the opinion of the Directors of Paradigm Biopharmaceuticals Limited and Controlled Entities:

(a) the Financial Statements and notes thereto and the Remuneration Report contained in the Directors' Report are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2017 and their performance for the financial year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards;

(c) there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the Corporations Act for the financial year ending 30 June 2017.

Signed in accordance with a resolution of the Directors.

_____
Graeme Kaufman
Chairman

Dated at Melbourne, Victoria this 29th day of August 2017.

RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT
To the Members of Paradigm Biopharmaceuticals Limited

Opinion

We have audited the financial report of Paradigm Biopharmaceuticals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed this matter
Impairment of Intangible Assets Refer to Note 7 in the financial statements	
The Group has identifiable intangible assets totalling $9.9m relating to Development costs for various ongoing projects in the development of numerous biopharmaceutical drugs acquired as part of various business acquisitions. These are subject to an annual impairment test, as they are not yet available for use. We identified this area as a Key Audit Matter due to the size of the intangible assets balance and the complexity in building a financial model to assess whether there exists any possible impairment. For the year ended 30 June 2017 management have performed an impairment assessment over the intangibles balance by: • Assessing for each project the success to date in line with agreed milestones including any clinical trial data; and other statistical test results; • Assessing additional funding to be spent on the project and the plan going forward including the use of the patent for other uses; and • Calculating the value in use for both the Respiratory and Inflammation and Autoimmune projects using a discounted cash flow model. These models used cash flows (revenues and expenses) for each project for 5 years, with a terminal growth rate applied to the 5th year. These cash flows were then discounted to net present value using the Group's weighted average cost of capital (WACC).	Our audit procedures in relation to management's impairment assessment included: • Reviewing announcements to date in relation to the details of current developments and results of testing for each project; • Consideration of the market capitalisation of the company compared to the total net assets; • Reviewing historical milestones in line with current progress including future projected spending on each project to assess the viability and continuity of each of these. • Reviewing the value in use calculation, including challenging the reasonableness of key assumptions, including the cash flow projections, exchange rates, discount rates, and sensitivities used; and • Checking the mathematical accuracy of the cash flow model, and reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at www.auasb.gov.au/auditors_responsibilities/ar2.pdf.
This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 18 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Paradigm Biopharmaceuticals Limited, for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Melbourne, Victoria
29 August 2017

Details of shares and options as at 21 August 2017:

Top holders

The 20 largest holders of each class of equity security as at 21 August 2017 were:

Fully paid ordinary shares

Name	No. of Shares	%
PAUL JOHN RENNIE	11,488,468	11.27
KZEE PTY LTD <KZEE SUPERANNUATION FUND A/C>	10,301,075	10.11
MJGD NOMINEES PTY LTD <BSMI A/C>	6,599,429	6.47
IRWIN BIOTECH NOMINEES PTY LTD <BIOA A/C>	5,910,313	5.80
NANCY EDITH WILSON-GHOSH <GHOSH FAMILY A/C>	3,910,935	3.84
MR BRETT LANGAN	3,750,000	3.68
V REDFORD PTY LTD <REDFORD SUPER FUND A/C>	2,505,419	2.46
JGM INVESTMENT GROUP PTY LTD <MUCHNICKI FAMILY A/C>	2,285,715	2.24
MS LENNA YU LING TYE	1,936,266	1.90
GRAEME ROY KAUFMAN	1,931,250	1.89
HOT SPRINGS PTY LTD	1,482,500	1.45
HIMSTEDT & CO PTY LTD <THE HIMSTEDT FAMILY A/C>	1,425,000	1.40
MR EVAN PHILIP CLUCAS + MS LEANNE JANE WESTON <KURANGA NURSERY SUPER A/C>	1,375,519	1.35
TASS INVESTMENTS PTY LTD	1,289,231	1.26
MONTCLAIR PTY LTD <THE WASSIM GAZAL FAMILY A/C>	1,130,027	1.11
TREVOR MAUNDRELL	1,072,007	1.05
KANNE HOLDINGS PTY LTD <KANNE FAMILY A/C>	1,043,592	1.02
S H RAYBURN NOMINEES PTY LTD	900,000	0.88
WAKKO ENTERPRISES PTY LTD <L&S WAKEFIELD S/F A/C>	829,827	0.81
LESLEY LODGE	824,086	0.81
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES	**61,990,659**	**60.80**
Total Remaining Holders Balance	**39,934,561**	**39.20**

Distribution schedules

A distribution of each class of equity security as at 31July 2017:

Fully paid ordinary shares

Range	Total holders	Units	% of Issued Capital
1 - 100	11	147	0
101 - 1,000	13	11,250	0.01
1,001 - 10,000	289	1,717,575	1.69
10,001 - 100,000	367	12,204,242	11.97
100,001 - 500,000	90	19,147,288	18.79
500,001 - 1,000,000	15	10,026,305	9.84
1,000,001 - 9,999,999,999	17	58,818,413	57.70
Total	**802**	**101,925,220**	**100**

Substantial shareholders

The names of substantial shareholders and the number of shares to which each substantial shareholder and their associates have a relevant interest, as disclosed in substantial shareholding notices given to the Consolidated Entity, are set out below:

Substantial shareholder	Number of Shares
Paul Rennie and related companies	22,389,542
MJGD Nominees Pty Ltd	6,599,429
Irwin Biotech Nominees Pty Ltd	5,910,313
Nancy Edith Wilson-Ghosh	3,910,935
Brett Langan	3,750,000

Unmarketable parcels

Holdings less than a marketable parcel of ordinary shares (being 1,755 shares at 31 July 2017):

Holders	Units
45	40,627

Voting Rights

The voting rights attaching to ordinary shares are:

On a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options do not carry any voting rights.

On-Market Buy Back

There is no current on-market buy-back.

The Board and management of Paradigm Biopharmaceuticals Limited (Consolidated Entity) are committed to conducting the business of the Consolidated Entity in an ethical manner and in accordance with the highest standards of corporate governance. The Consolidated Entity has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Third Edition) to the extent appropriate to the size and nature of the Consolidated Entity's operations.

This Corporate Governance Statement is accurate and up to date as at 30 June 2017 and has been approved by the Board on 29 August 2017.

The Corporate Governance Statement is available on the Consolidated Entity's website at:

http://www.paradigmbiopharma.com/investors/corporate-governance

END OF REPORT