

Fill in this information to identify the case:

Debtor Name Aradigm Corporation

United States Bankruptcy Court for the: Northern District of CA
(State)

Case number: 19-40363

Official Form 426

Periodic Report Regarding Value, Operations, and Profitability of Entities in Which the Debtor's Estate Holds a Substantial or Controlling Interest

12/17

This is the *Periodic Report* as of 12/31/18 on the value, operations, and profitability of those entities in which a Debtor holds, or two or more Debtors collectively hold, a substantial or controlling interest (a "Controlled Non-Debtor Entity"), as required by Bankruptcy Rule 2015.3. For purposes of this form, "Debtor" shall include the estate of such Debtor.

holds a substantial or controlling interest in the following entities:

Name of Controlled Non-Debtor Entity	Interest of the Debtor	Tab #
Aradigm Australia Pty. Ltd.	100%	1
Aradigm Ltd.	100%	2
Aradigm Pharmaceuticals Ltd.	100%	3

This *Periodic Report* contains separate reports (*Entity Reports*) on the value, operations, and profitability of each Controlled Non-Debtor Entity.

Each *Entity Report* consists of five exhibits.

Exhibit A contains the most recently available: balance sheet, statement of income (*loss*), statement of cash flows, and a statement of changes in shareholders' or partners' equity (*deficit*) for the period covered by the *Entity Report*, along with summarized footnotes.

Exhibit B describes the Controlled Non-Debtor Entity's business operations.

Exhibit C describes claims between the Controlled Non-Debtor Entity and any other Controlled Non-Debtor Entity.

Exhibit D describes how federal, state or local taxes, and any tax attributes, refunds, or other benefits, have been allocated between or among the Controlled Non-Debtor Entity and any Debtor or any other Controlled Non-Debtor Entity and includes a copy of each tax sharing or tax allocation agreement to which the Controlled Non-Debtor Entity is a party with any other Controlled Non-Debtor Entity.

Exhibit E describes any payment, by the Controlled Non-Debtor Entity, of any claims, administrative expenses or professional fees that have been or could be asserted against any Debtor, or the incurrence of any obligation to make such payments, together with the reason for the entity's payment thereof or incurrence of any obligation with respect thereto.

This *Periodic Report* must be signed by a representative of the trustee or debtor in possession.

Debtor Name Aradigm Corporation

Case number 19-40363

The undersigned, having reviewed the *Entity Reports* for each Controlled Non-Debtor Entity, and being familiar with the Debtor's financial affairs, verifies under the penalty of perjury that to the best of his or her knowledge, (i) this *Periodic Report* and the attached *Entity Reports* are complete, accurate, and truthful to the best of his or her knowledge, and (ii) the Debtor did not cause the creation of any entity with actual deliberate intent to evade the requirements of Bankruptcy Rule 2015.3

For non-Individual Debtors:

x Lisa Thomas

Signature of Authorized Individual

Lisa Thomas

Printed name of Authorized Individual

Date 03/20/2019

MM / DD / YYYY

For Individual Debtors:

x

Signature of Debtor 1

Printed name of Debtor 1

Date

MM / DD / YYYY

x

Signature of Debtor 2

Printed name of Debtor 2

Date

MM / DD / YYYY

In re Aradigm Corporation

Case No. 19-40363

Official Form 426

Tab 1

Exhibit A – Financial Statements for Aradigm Australia Pty Ltd.

Aradigm Australia F.d.
 Statement of Operations - Expense By R&D and G&A
 For the Twelve Months Ending DEC 31, 2018

Aradigm Australia Pty Ltd.	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Y-T-D
REVENUE													
COST OF SALES													
GROSS MARGIN													
G&A EXPENSES													
770500 Legal Expense - Council			3,563			3,439			3,323			3,258	13,573
770600 Bank & Payroll Charges			87			84			1,149-			523-	1,501-
770700 Outside Accounting/Audit		701	2			681			658			645	2,687
TOTAL G&A EXPENSES		701	3,642			4,204			2,832			3,380	14,759
R&D EXPENSES													
770150 Consulting Fees		57,726	4,758			5,495			53,375			53,460	174,814
770310 Clinical Trial - Gov Tax Incentive			44,867										44,867
TOTAL R&D EXPENSES		57,726	49,625			5,495			53,375			53,460	219,681
OTHER INCOME/EXPENSES													
820260 Gain/Loss Foreign Exch.			3,905			8,182			4,040			2,757	18,884
810400 Interest Exp. - Other			24,148			37,342			13,759			14,988	90,217
OTHER INCOME/EXPENSES			28,053			45,524			17,799			17,725	109,101
NET INCOME		58,427-	81,320-			55,223-			74,006-			74,565-	343,541-

AC0003

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Balance Sheet

As of DEC 31, 2018

Description	Current	Last Month End	Last Year End	This Month	Change	This Year
Aradigm Australia Pty Ltd.						
ASSETS						
CURRENT ASSETS						
CASH						
Wells Fargo-A/P Checking						
SVB - A/P checking						
Wells Fargo-P/R Checking						
Payroll Clearing						
SVB-P/R Checking						
Wells Fargo-Depository						
Wells Fargo-Money Market						
Lehman Bros-Cash						
SVB -Money Market						
Wells Fargo-Cash						
Merrill Lynch-Cash Equiv						
Petty Cash						
Cash-Postage Stamp Fund						
CASH	97,910.82	157,307.82	342,927.82	59,397.00		245,017.00
RESTRICTED CASH						
Restricted Cash						
RESTRICTED CASH						
SHORT-TERM INVESTMENTS						
M. Stanley-ST Investments						
Unrealized G(L) on STI's						
SHORT-TERM INVESTMENTS						
ACCOUNTS RECEIVABLE						
ACCTS RECEIVABL - TRADE						
A/R - Trade						
A/R Conversion Data						
A/R - Trade						
Accounts Receivables-Invo						
Allowance For Bad Debts						
A/R - Contract Rev.						
A/R Contract Rev - Contra						
A/R - Uninvoiced Ship						
ACCTS RECEIVABL - TRADE						

As of DEC 31, 2018

Description	Current	Last Month End	Last Year End	This Month	Change	This Year
ACCTS RECEIVABL-UNBILLED						
A/R - Unbilled	19,359.00	13,775.00	56,746.00	5,584.00		37,387.00-
A/R - Accr Unbilled						
ACCTS RECEIVABL-UNBILLED	19,359.00	13,775.00	56,746.00	5,584.00		37,387.00-
ACCOUNTS RECEIVABLE	19,359.00	13,775.00	56,746.00	5,584.00		37,387.00-
ACCTS RECEIVABL - OTHER						
A/R - Employee Notes						
A/R - Int on Empl Notes						
A/R - Stock Option Prnts						
A/R - Int on S/T Invest						
A/R - Proj Mgmt Related						
A/R - Travel Advances						
A/R - Payroll Advances						
A/R - Other						
ACCTS RECEIVABL - OTHER						
INTERCOMPANY RECEIVABLE						
Intercompany Receivable						
INTERCOMPANY RECEIVABLE						
NOTES RECEIVABLE - S/T						
S/T Emp. Notes Receivable						
S/T Interest on Emp. Notes						
NOTES RECEIVABLE - S/T						
INVENTORY						
RAW MATERIALS						
Raw Materials - Rec Rtg						
RAW MATERIALS						
WORK IN PROCESS						
Internal WIP						
Customer WIP						
External WIP						
WIP - Other						
Applied Labor						
Outside Process Labor						

As of DEC 31, 2018

*****		Amounts	*****	*****	Change	*****
Description	Current	Last Month End	Last Year End	This Month		This Year
WORK IN PROCESS						
FINISHED GOODS						
Finished Goods						
FINISHED GOODS						
INVENTORY RESERVES						
Reserve for Obsol.						
Reserve - Raw Materials						
Reserve-Mtrls in Rec Rtg						
Reserve - WIP						
Reserve-Finished Goods						
INVENTORY RESERVES						
INVENTORY						
OTHER CURRENT ASSETS						
Prepaid Income Taxes						
Prepaid - Other	6,726.00	10,089.00	7,227.00	3,363.00-		501.00-
Prepaid - Clinical	1.00	1.00	1.00			
Prepaid Corp. Insurance						
Prepaid Work Comp Insur						
Prepaid Health Insurance						
Prepaid Service Contracts						
Prepaid Travel Expense						
Prepaid Loan/Finance Pmts						
Short Term Deposits						
Other Current Assets						
Interest Reserve - Royalty						
Assets Held for Sale						
Prepaid Prototype Expenses						
Deposits: Asset Acquisitio						
OTHER CURRENT ASSETS	6,727.00	10,090.00	7,228.00	3,363.00-		501.00-
CURRENT ASSETS	123,996.82	181,172.82	406,901.82	57,176.00-		282,905.00-
FIXED ASSETS						
PP&E ACQUISITION COSTS						
Capitalized Moving Exp.						
Machinery & Equipment						

As of DEC 31, 2018

Description	Current	Last Month End	Amounts	Last Year End	This Month	Change	This Year
Computer Equipment							
Computer Software							
R&D Capital Equipment							
Furniture & Fixtures							
Building & Leasehold Impro							
Equip In Progress							
Mfg Facility Construct							
Reserves-Disposals & Obsol							
PP&E ACQUISITION COSTS							
PP&E ACCUM DEPRECIATION							
Acc Depr - Moving Expenses							
Acc Depr - Mach & Equip							
Acc Depr - Computer Equip							
Acc Depr - Computer Softwa							
Acc Depr - R&D Equip							
Acc Depr - Furniture & Fix							
Acc Depr - Lshld Improveme							
Acc Depr - Equip In Proces							
Acc Depr - MFG Facility							
PP&E ACCUM DEPRECIATION							
FIXED ASSETS							
OTHER LONG-TERM ASSETS							
NOTES RECEIVABLE - L/T							
L/T Emp Notes Receivable							
L/T Interest on Emp Notes							
NOTES RECEIVABLE - L/T							
LONG-TERM INVESTMENTS							
Morgan Stanley - LTI's							
LONG-TERM INVESTMENTS							
OTHER LONG-TERM ASSETS							
L/T Deposits							
L/T Deposits - Restricted							
L/T Prepaid - Clinical							
L/T PBS Loan Costs							
OTHER LONG-TERM ASSETS							

Description	Current	Last Month End	Amounts	Last Year End	This Month	Change	This Year
*****	*****	*****	*****	*****	*****	*****	*****
INTANGIBLE ASSETS							
Intellectual Property							
INTANGIBLE ASSETS							
INTANGIBLE ACCUM AMORTIZATI							
Accum Amort - IP							
INTANGIBLE ACCUM AMORTIZATI							
OTHER LONG-TERM ASSETS							
ASSETS	123,996.82	181,172.82	406,901.82	57,176.00-	282,905.00-		
LIABILITIES & SHLDR EQUITY							
CURRENT LIABILITIES							
ACCOUNTS PAYABLE							
A/P - Trade							
A/P Conversion Data							
A/P - Unvouchered							
A/P - OP Unvouchered							
A/P - OO Unvouchered							
A/P - ON Unvouchered							
A/P Clearing							
A/P Accrued	20,949.00	17,928.00	21,156.00	3,021.00	207.00-		
A/P - Vendor Deposits							
Warrant Derivative Contrac							
A/P Accr Clinical Exp							
A/P Accrued Landlord Rent							
A/P Accrued Audit Expense							
Sales & Use Tax Payable							
ACCOUNTS PAYABLE	20,949.00	17,928.00	21,156.00	3,021.00	207.00-		
INTERCOMPANY PAYABLE							
Intercompany Payable	1,911,902.32	1,897,534.32	1,851,059.32	14,368.00	60,843.00		
INTERCOMPANY PAYABLE	1,911,902.32	1,897,534.32	1,851,059.32	14,368.00	60,843.00		
ACCURUED COMPENSATION							
Accrued Payroll - Salary &							
Accrued Bonus							
Accrued Performance Bonus							

As of DEC 31, 2018

Description	Current	Last Month End	Last Year End	This Month	Change	This Year
*****	*****	*****	*****	*****	*****	*****
Accrued Performance Bonus						
Accrued Severance						
Accrued PTO						
Accrued Vacation						
Accrued Vacation - Other						
Accrued 401K Match						
Empir P/R Taxes Payable						
Worker's Comp. Payable						
Health Insurance Payable						
Life Insurance Payable						
Supp.Income Protect Payabi						
Participant Fees-EmpI Prog						
Employee Benefit Alloc.						
ACCURED COMPENSATION						
DEFERRED REVENUE						
Def Rev-Contr Milestone						
Def. Rev.-Develop. Fund						
Reserve for Cust. Returns						
DEFERRED REVENUE						
OTHER LIABILITIES						
Flex Spending Pay						
FSA Transportation						
HSA Health Insurance						
Advance Pymt for Stk Optio						
ESPP Deductions Pay						
401K Deductions Pay						
401K Deduction C-U Pay						
401K Loan Deduct Pay						
AFLAC Deductions Pay						
Payroll Garnishments Payab						
LegalShield						
State Income Taxes Pay						
Federal Income Taxes Pay						
Stock Options Taxes Pay						
Accrued Liab. - Other						
OTHER LIABILITIES						
NOTES PAYABLE-SHORT-TERM						

As of DEC 31, 2018

Description	Current	Last Month End	Last Year End	This Month	Change	This Year
Notes Pay - Short Term						
Int. Pay - Short Term						
Notes Payable - NOVO						
NOTES PAYABLE-SHORT-TERM						
LEASES - SHORT-TERM						
IKON Lease Pay - S/T						
MENDEL Deposit - S/T						
Deferred Sublease - S/T						
TABC-S/T Lease Pay						
LMSI S/T Lease Pay						
GE/Heller S/T Lease Pay						
Clearing S/T Lease Pay						
LEASES - SHORT-TERM						
CURRENT LIABILITIES	1,932,851.32	1,915,462.32	1,872,215.32	17,389.00		60,636.00
LONG TERM LIABILITIES						
Accr Clinical Exp - L/T						
DEFERRED REV. - LONG TERM						
Def. Contract Rev. - L/T						
Def. Milestone Rev -L/T						
Def. Develop. Rev - LT						
DEFERRED REV. - LONG TERM						
LEASES PAYABLE-LONG-TERM						
IKON Lease Pay - L/T						
MENDEL Deposit - L/T						
TABC Lease Pay - L/T						
LMSI Lease Pay - L/T						
GE/Heller Lease Pay-L/T						
LEASES PAYABLE-LONG-TERM						
DEFERRED RENT - LONG TERM						
Deferred Rent - L/T						
Deferred Sublease - LT						
Deferred Rent (HCP)-LT						
DEFERRED RENT - LONG TERM						
NOTES PAYABLE-LONG-TERM						

As of DEC 31, 2018

Description	Current	Amounts	Last Year End	This Month	Change	This Year
Notes Payable - Long Term						
Notes Payable-PBS Capital						
Debt Discount						
Notes Payable - NOVO						
NOTES PAYABLE-LONG-TERM						
LONG TERM LIABILITIES						
SHAREHOLDERS EQUITY						
PREFERRED STOCK						
Preferred Stk - Series A						
Preferred Stk - Series B						
Preferred Stk - Series C						
Preferred Stk - Series D						
Preferred Stk - Series E						
Warrants on Pref. Stock						
Cost of Capital - Prefere						
PREFERRED STOCK						
COMMON STOCK						
Common Stock						
Beneficial Conversion Divi						
Cost of Raising Capital						
Common Stock (Warrants)						
Common Stock-Non-Employee						
COMMON STOCK						
NOTES REC FROM SHRHLDRS						
Notes Rec From Shareholder						
NOTES REC FROM SHRHLDRS						
UNREALIZED G(L) ON STI's						
Unrealized G(L) on STI's						
UNREALIZED G(L) ON STI's						
DEFERRED COMPENSATION						
Deferred Compensation						
DEFERRED COMPENSATION						
RETAINED EARNINGS	1,465,313.50-	1,465,313.50-	1,465,313.50-			

As of DEC 31, 2018

Description	***** Amounts *****		***** Change *****	
	Current	Last Month End	This Month	This Year
YTD INCOME (LOSS)	343,541.00-	268,976.00-	74,565.00-	343,541.00-
SHAREHOLDERS EQUITY	1,808,854.50-	1,734,289.50-	74,565.00-	343,541.00-
LIABILITIES & SHLDR EQUITY	123,996.82	181,172.82	57,176.00-	282,905.00-
Aradigm Australia Pty Ltd.				

in Australian dollars

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Exhibit B – Business Operations of Aradigm Australia Pty Ltd.

Aradigm Australia was set up to pay expenses to the CRO who was conducting the Phase 3 clinical trials in Australia and New Zealand and to provide expertise and liaison with EMA on regulatory approval in the European Union. This subsidiary is eligible under the AusIndustry research and development tax incentive program to obtain a cash amount from the Australian Taxation Office after filing the year end tax returns.

As the Phase 3 clinical trials were completed in 2016 the only activity relates to the EMA regulatory approval process and the administrative expenses associated with the subsidiary.

Exhibit C – Claims

None

Exhibit D – Tax attributes

None

Exhibit E – Payments

None

Tab 2

Exhibit A – Financial Statements for Aradigm Ltd.

None

Exhibit B – Business Operations of Aradigm Ltd.

In order to pursue regulatory approval for its products in Europe, Aradigm Corporation was required to have a European presence. Aradigm Ltd. was set up in England to be Aradigm's European subsidiary for this purpose. The company conducts no business operations.

Exhibit C – Claims

None

Exhibit D – Tax attributes

None

Exhibit E – Payments

None

Tab 3

Exhibit A – Financial Statements for Aradigm Pharmaceuticals Ltd.

None.

Exhibit B – Business Operations of Aradigm Pharmaceuticals Ltd.

In order to pursue regulatory approval for its products in Europe, Aradigm Corporation was required to have a European presence. Aradigm Ltd. was set up in England to be Aradigm's European subsidiary for this purpose. With England's pending exit from the European Union, Aradigm Corporation established Aradigm Pharmaceuticals Ltd. in Ireland to be its European subsidiary. The company conducts no business operations.

Exhibit C – Claims

None

Exhibit D – Tax attributes

None

Exhibit E – Payments

None