

Company Announcements Office  
Australian Securities Exchange  
*via electronic lodgement*

19 February 2020

**Dimerix Limited (ASX: DXB) – Appendix 4D and Half Year Report for the Period Ended 31 December 2019**

Please find attached the Appendix 4D and Half Year Report for the period ended 31 December 2019.

Kind regards



Hamish George  
*Company Secretary & CFO*  
**Dimerix Limited**

Authorised for release by the Board

# Appendix 4D

## Half Year Report to the Australian Securities Exchange

### Part 1

<b>Name of Entity</b>	Dimerix Limited
<b>ABN</b>	18 001 285 230
<b>Half Year Ended</b>	31 December 2019
<b>Previous Corresponding Reporting Period</b>	Half Year Ended 31 December 2018

### Part 2 – Results for Announcement to the Market

	<b>\$'000</b>	<b>Percentage increase /(decrease) over previous corresponding period</b>
<b>Revenue from continuing operations</b>	\$2	(84%)
<b>Loss from continuing activities after tax attributable to members</b>	(\$3,245)	84%
<b>Net loss attributable to members</b>	(\$3,245)	84%

<b>Dividends (distributions)</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
<b>Final Dividend</b>	Nil	Nil
<b>Interim Dividend</b>	Nil	Nil
<b>Record date for determining entitlements to the dividends (if any)</b>	Not Applicable	

**Brief explanation of any of the figures reported above necessary to enable the figures to be understood:**

### **Part 3 – Contents of ASX Appendix 4D**

<b>Section</b>	<b>Contents</b>
Part 1	Details of entity, reporting period
Part 2	Results for announcement to the market
Part 3	Contents of ASX Appendix 4D
Part 4	Commentary on results
Part 5	Details relating to dividends
Part 6	Net tangible assets per security
Part 7	Details of entities over which control has been gained or lost
Part 8	Details of associates and joint venture entities
Part 9	Information on audit or review

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## Part 4 – Commentary on Results

Refer to the Review of Operations contained in the Directors' Report which forms part of the attached Financial Report for the half-year ended 31 December 2019 for details.

## Part 5 – Details Relating to Dividends

Date the dividend is payable	N/A
Record date to determine entitlement to the dividend	N/A
Amount per security	N/A
Total dividend	N/A
Amount per security of foreign sourced dividend or distribution	N/A
Details of any dividend reinvestment plans in operation	N/A
The last date for receipt of an election notice for participation in any dividend reinvestment plans	N/A

## Part 6 – Net Tangible Assets per Security

	2019	2018
Net tangible asset backing per ordinary security	\$0.019	\$0.033

## Part 7 – Details of Entities Over Which Control has been Gained or Lost

Name of entity (or group of entities)	N/A
Date control gained or lost	N/A
Contribution of the controlled entity (or group of entities) to the profit/(loss) from ordinary activities during the period, from the date of gaining or losing control	N/A
Profit (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A
Contribution to consolidated profit/(loss) from ordinary activities from sale of interest leading to loss of control	N/A

## Part 8 – Details of Associates and Joint Venture Entities

	Ownership Interest		Contribution to net profit/(loss)	
	2019 %	2018 %	2019 \$A'000	2018 \$A'000
Name of entity	N/A	N/A	N/A	N/A
Associates				
Joint Venture Entities				
Aggregate Share of Losses				

## Part 9 – 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 have been subject to review	✓
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	

**If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:**

Not applicable

**If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:**

Not applicable

## Attachments Forming Part of Appendix 4D

Attachment No.	Details
1	Financial Report for the half-year ended 31 December 2019

Signed by Company Secretary



Hamish George

Dated: 19 February 2020

**Dimerix Limited  
and controlled entity  
ABN 18 001 285 230**



Financial Report for the half-year ended  
31 December 2019



**Dimerix**

## Corporate directory

### Board of Directors

Dr James Howard Williams	Non-Executive Chairman
Dr Sonia Maria Poli	Non-Executive Director
Mr Hugh Alsop	Non-Executive Director
Dr Nina Webster	CEO and Managing Director

### Company Secretary

Mr Hamish George

### Registered and Principal Office

425 Smith St  
Fitzroy, Victoria 3065  
Tel: 1300 813 321

### Postal Address

425 Smith St  
Fitzroy, Victoria 3065  
Tel: 1300 813 321

### Website

Website: [www.dimerix.com](http://www.dimerix.com)

### Auditors

Stantons International  
Level 2, 1 Walker Avenue  
West Perth, Western Australia 6005

### Share Registry

Automatic Registry Services  
Suite 1a, Level 1  
7 Ventnor Avenue  
West Perth, Western Australia 6005  
Tel: +61 8 9324 2099  
Fax: +61 8 9321 2337

### Stock Exchange

Australian Securities Exchange  
Level 4, North Tower Rialto  
525 Collins Street  
Melbourne VIC 3000

### ASX Code

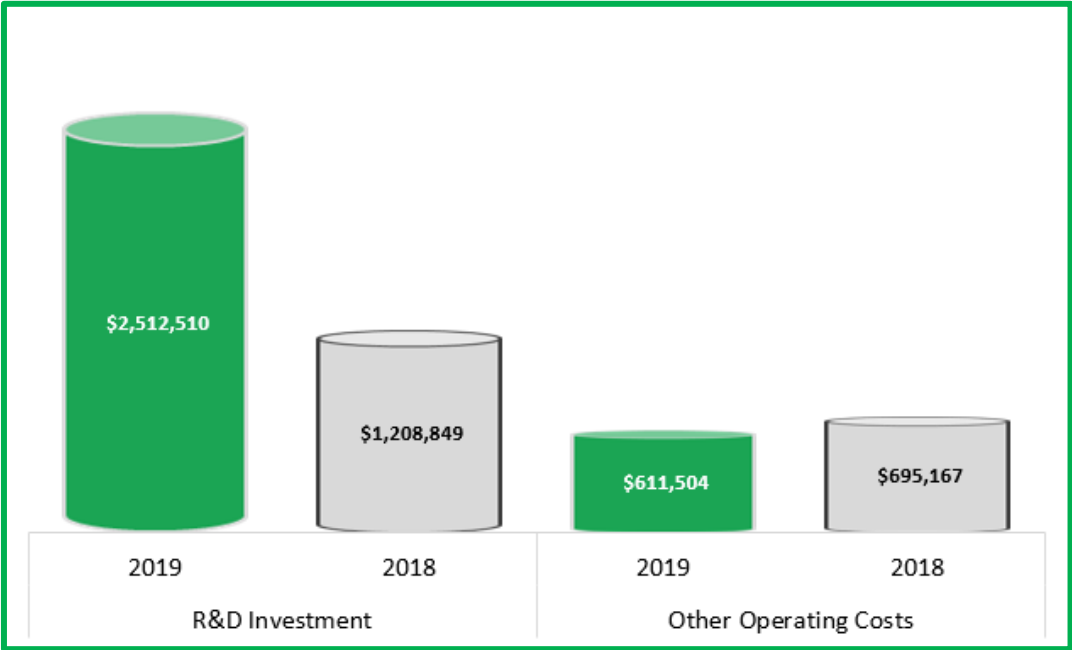
DXB

# Financial Report for the half-year ended 31 December 2019

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# Financial outcomes



## Directors' report

The directors of Dimerix Limited ("Dimerix" or "the Company") submit herewith the financial report of the Company and its controlled entity ("Group" or "Consolidated Entity") for the half-year ended 31 December 2019. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

### Names of Directors

The names of the directors of the Company during or since the end of the half-year are noted below. Directors were in office for the entire period unless otherwise stated:

Dr James Williams

Dr Sonia Maria Poli

Mr David Franklyn (Resigned on 11 October 2019)

Mr Hugh Alsop

Dr Nina Webster

### Operating results

The loss of the Group for the half-year ended 31 December 2019, after accounting for income tax benefit, amounted to \$3,244,574 (31 December 2018: \$1,761,752). The half-year ended 31 December 2019 operating results are attributed to the following:

- Research and development expenditure of \$2,512,510 (31 December 2018: \$1,208,849); and
- Corporate and administration expenses of \$611,504 (31 December 2018: \$695,167).

### Review of operations

During the period, the Group continued to focus on the development of Dimerix's DMX-200 two clinical assets: for the treatment of Diabetic Kidney Disease; and for the treatment of Focal Segmental Glomerulosclerosis, the development of Dimerix's DMX-700 pre-clinical asset in Chronic Obstructive Pulmonary Disease, as well as the broader commercialisation of Dimerix's underlying drug discovery technology.

### Overview of Group Strategy

The Group is adopting a diversified investment approach, targeting a range of innovative new chemical entities (NCE's) along with re-purposed candidates providing a balanced approach and a reduced risk when compared with development of NCE's alone. We do this by:

- Progressing Dimerix DMX-200 clinical assets towards commercialisation;
- Developing and applying Dimerix proprietary Receptor-HIT technology across a broad range of therapeutic classes, using existing drugs and new chemical entities (NCE's);
- Developing strong proprietary positions through patents to maintain and extend competitive advantages for existing & new drugs;
- Creating a diversified portfolio of products to generate future income streams;
- Building and developing a solid product pipeline that has an attractive projected internal rate of return;
- Establishing a culture of shared leadership and accountability; and
- Building strong strategic partnerships which will enhance expertise and/or mitigate the capital obligations and commercial risk.

Dimerix has used its Receptor-HIT technology to identify new treatments (DMX-200 and DMX-700) that may transform the lives of patients with kidney disease or lung disease.

### **The DMX-200 Program**

DMX-200 is a chemokine receptor (CCR2) blocker and is administered to patients already taking irbesartan, an angiotensin II type I (AT1) receptor blocker and which is the standard of care treatment for kidney disease. DMX-200 has granted patents in various territories until at least 2032.

In 2017, Dimerix completed its first Phase 2a study of DMX-200 in patients with a range of chronic kidney diseases. No adverse safety events were reported, and all trial endpoints were achieved. In a subsequent sub-group analysis of these results, statistically and clinically significant efficacy signals were seen in patients diagnosed with diabetic kidney disease (DKD). The best clinical marker of the rate of progression of kidney failure is an increase in protein in the urine (known as proteinuria), and a significant reduction in proteinuria is strongly correlated with the slowing of progression of kidney failure.

The compelling results from this study prompted the decision to raise capital in early 2018 towards funding two different Phase 2 clinical trials in 2018: one for patients with Diabetic Kidney Disease; and the second for patients with another form of kidney disease, Focal Segmental Glomerulosclerosis (FSGS). Both studies are fully recruited with trial data expected to be reported mid-2020.

The DMX-200 product attributes are designed to deliver significant benefits for patients. As there is no approved competitor on the market at this time, there is a strong patient need to further slow or halt deterioration of the kidney. The twice daily dose is administered in a simple capsule form. Dimerix has a number of granted patents surrounding DMX-200, including in key territories such as the US, Europe, and Japan providing protection through to at least 2032.

### **DMX-200 Market Background**

Without adequate management, the progressive nature of kidney disease inevitably results in poor prognosis for patients. It most often results in total kidney failure and a poor quality of life. When the kidneys fail, it means they have stopped working well enough for the patient to survive without dialysis or a kidney transplant. A kidney transplant costs in the region of \$260,000 per patient, with ongoing and expensive anti-rejection drugs also costing thousands of dollars per year, and dialysis costs in the region of \$100,000 per patient per year. Moreover, dialysis requires regular visits, totalling over 12 hours per week to the medical facility - a huge burden on both the patient and the healthcare system.

Diabetes is the leading cause of kidney disease, affecting about 1 out of 4 adults with the condition. There were 23 million diagnosed diabetics in the US in 2017, and the incidence of diabetes is estimated to grow by 54% by the year 2040. Diabetic kidney disease is progressive, and as such will ultimately lead to kidney failure and dialysis.

FSGS is a serious and rare disease that attacks the kidney's filtering units (glomeruli) causing serious scarring which leads to permanent kidney damage and kidney failure and for which there is a recognised medical need for a new or improved treatment. FSGS affects at least 210,000 people globally. The disease progresses rapidly and results in kidney failure, requiring dialysis or kidney transplant, with FSGS reoccurring in 30-40% of patients who receive a kidney transplant.

There are few available treatment options for FSGS. This is reflected by the acquisitive interest by the pharmaceutical industry in new clinical programs focused in this area with multiple transaction valued at greater than \$200 million having been completed in recent years.

DMX-200 for FSGS has been granted Orphan Drug Designation by both the FDA and EMEA. Orphan drug designation qualifies Dimerix for seven years (FDA) and ten years (EMA) of market exclusivity if regulatory approval is received, exemption from certain application fees, and an abbreviated regulatory pathway to approval.

### **The DMX-700 Program**

DMX-700 targets receptors that have been independently implicated in the pathophysiology of Chronic Obstructive Pulmonary Disease (COPD). Dimerix has completed a key step in securing ownership over what it believes is an important new drug discovery by lodging a provisional patent application for DMX-700. The receptor targets and DMX-700 will remain undisclosed pending additional data and patent positioning.

Initial studies have been completed, and over the next 6-12 months Dimerix will conduct further proof of concept studies to perform the value-added verification in support of a robust product development pathway and patent position. DMX-700 is a New Chemical Entity, however the safety profile is well understood. As such, it is anticipated that Dimerix would initiate human clinical studies in less than 2 years.

### **DMX-700 Market Background**

COPD is a progressive and life-threatening lung disease. The primary cause of COPD is exposure to tobacco smoke (either active smoking or secondary smoke), however is also caused by exposure to indoor and outdoor air pollution, occupational dusts and fumes and long-term asthma. COPD is the fourth-leading cause of death in the world and although treatments exist to improve the symptoms of COPD, there is currently no way to slow progression of the condition or cure it. Moreover, among the top five causes of death globally, this disease is the only one with increasing mortality rates. In 2016, the Global Burden of Disease Study reported a prevalence of 251 million cases of COPD globally, and it was estimated that 3.17 million deaths were caused by the disease in 2015 (5% of all deaths globally in that year). The global COPD treatment market was valued at US\$14 billion in 2017 and is projected to increase at a compound annual growth rate of 4.9% to 2026.

### **Research and Development Tax Refund**

During the half year, the Company received a Research and Development (R&D) Tax Incentive refund of \$1,180,758 for the 2018/2019 financial year.

### **Cash position**

Dimerix ended the half year with \$3,847,156 cash and cash equivalents as at 31 December 2019.

### **Subsequent events**

There has not been any matter or circumstance that has arisen since the end of the half-year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

**Auditor's independence declaration**

The auditor's independence declaration is included on page 9 of the half year report.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the directors,



**Dr James Williams**

**Chairman**

19 February 2020

Perth, Western Australia

19 February 2020

Board of Directors  
Dimerix Limited  
425 Smith St  
Fitzroy, Victoria 3065

Dear Directors

**RE: DIMERIX LIMITED**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Dimerix Limited.

As Audit Director for the review of the financial statements of Dimerix Limited for the half year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
(Trading as Stantons International)  
(An Authorised Audit Company)



**Martin Michalik**  
Director

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

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Dimerix Limited, which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Dimerix Limited ("the consolidated entity"). The consolidated entity comprises both Dimerix Limited ("the Company") and the entity it controlled during the half year.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of Dimerix Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Dimerix Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Dimerix Limited on 19 February 2020.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Dimerix Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**

*Stantons International Audit & Consulting Pty Ltd*



**Martin Michalik**  
**Director**

West Perth, Western Australia  
19 February 2020

## Directors' declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standard AASB 134 '*Interim Financial Reporting*' and giving a true and fair view of the financial position at 31 December 2019 and performance of the Group for the period ended on that date.

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

On behalf of the directors



**Dr James Williams**

**Chairman**

19 February 2020

Perth, Western Australia

## Consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2019

	Note	31 Dec 2019 \$	31 Dec 2018 \$
<b>Continuing operations</b>			
Revenue	3	1,779	11,016
Other income	4	-	248,523
Research and development expenses	5	(2,512,510)	(1,208,849)
Corporate administration expenses	5	(611,504)	(695,167)
Share-based payment expenses		(122,339)	(117,275)
<b>Loss before income tax</b>		<b>(3,244,574)</b>	<b>(1,761,752)</b>
Income tax benefit		-	-
<b>Loss for the period attributable to Owners of Dimerix Limited</b>		<b>(3,244,574)</b>	<b>(1,761,752)</b>
<b>Other comprehensive income, net of income tax</b>			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
<b>Other comprehensive income for the period, net of income tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the period</b>		<b>(3,244,574)</b>	<b>(1,761,752)</b>
<b>Total comprehensive loss attributable to:</b>			
Owners of Dimerix Limited		<b>(3,244,574)</b>	<b>(1,761,752)</b>
<b>Loss per share:</b>			
Basic and diluted (cents per share)	6	(2.007)	(1.112)

Condensed notes to the financial statements are included on pages 17 to 23.

## Consolidated statement of financial position as at 31 December 2019

	Note	31 Dec 2019 \$	30 Jun 2019 \$
<b>Current assets</b>			
Cash and cash equivalents		3,847,156	3,563,286
Trade, other receivables and prepayments	7	192,186	1,374,739
<b>Total current assets</b>		<b>4,039,342</b>	<b>4,938,025</b>
<b>Non-current assets</b>			
Property, plant and equipment		1,922	2,620
<b>Total assets</b>		<b>4,041,264</b>	<b>4,940,645</b>
<b>Current liabilities</b>			
Trade and other payables		579,564	719,379
Provisions		30,451	18,389
<b>Total current liabilities</b>		<b>610,015</b>	<b>737,768</b>
<b>Total liabilities</b>		<b>610,015</b>	<b>737,768</b>
<b>Net assets</b>		<b>3,431,249</b>	<b>4,202,877</b>
<b>Equity</b>			
Issued capital	8	22,795,991	20,474,930
Reserves	9	821,512	669,627
Accumulated losses		(20,186,254)	(16,941,680)
<b>Total equity</b>		<b>3,431,249</b>	<b>4,202,877</b>

Condensed notes to the financial statements are included on pages 17 to 23.

## Consolidated statement of changes in equity for the half-year ended 31 December 2019

	Issued capital \$	Reserves \$	Accumulated losses \$	Total \$
<b>Balance at 1 July 2018</b>	<b>20,287,429</b>	<b>625,985</b>	<b>(14,055,459)</b>	<b>6,857,955</b>
Loss for the period	-	-	(1,761,752)	(1,761,752)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(1,761,752)</b>	<b>(1,761,752)</b>
Conversion of performance C shares	187,501	(187,501)	-	-
Recognition of share-based payments	-	117,275	-	117,275
<b>Balance at 31 December 2018</b>	<b>20,474,930</b>	<b>555,759</b>	<b>(15,817,211)</b>	<b>5,213,478</b>
<b>Balance at 1 July 2019</b>	<b>20,474,930</b>	<b>669,627</b>	<b>(16,941,680)</b>	<b>4,202,877</b>
Loss for the period	-	-	(3,244,574)	(3,244,574)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(3,244,574)</b>	<b>(3,244,574)</b>
Issue of ordinary shares	2,500,000	-	-	2,500,000
Share issue costs	(178,939)	-	-	(178,939)
Recognition of share-based payments	-	151,885	-	151,885
<b>Balance at 31 December 2019</b>	<b>22,795,991</b>	<b>821,512</b>	<b>(20,186,254)</b>	<b>3,431,249</b>

Condensed notes to the financial statements are included on pages 17 to 23.

## Consolidated statement of cash flows for the half-year ended 31 December 2019

	Half-year ended	
	31 Dec 2019	31 Dec 2018
	\$	\$
<b>Cash flows from operating activities</b>		
Receipt of Research and Development tax refund	1,180,758	1,073,628
Payments to suppliers and employees	(3,268,729)	(2,070,162)
Interest received	1,779	11,016
Net cash used in operating activities	(2,086,192)	(985,518)
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	-	(4,130)
Net cash used in investing activities	-	(4,130)
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	2,440,600	-
Payments for issue of shares	(90,000)	-
Net cash provided by financing activities	2,350,600	-
<b>Net increase / (decrease) in cash and cash equivalents</b>	264,408	(989,648)
Cash and cash equivalents at the beginning of the period	3,563,286	6,284,322
Effects of exchange rate changes on cash and cash equivalents	19,462	32,768
<b>Cash and cash equivalents at the end of the period</b>	<b>3,847,156</b>	<b>5,327,442</b>

Condensed notes to the financial statements are included on pages 17 to 23.

# Condensed notes to the financial statements for the half-year ended 31 December 2019

## 1. Significant accounting policies

### Statement of compliance

The half-year financial report is a general-purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with annual financial statements of the Group for the year ended 30 June 2019 together with any public announcements made during the following half year.

The half-year financial report was authorised for issue by the directors on 19 February 2020.

### Basis of preparation

The financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

### Significant accounting judgements and key estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

### Amendments to AASBs and the new Interpretation that are mandatorily effective for the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year. The Group had to change its accounting policy and make adjustments (as applicable) as a result of adopting AASB 16: Leases.

### Changes in accounting policy

#### AASB 16: Leases

The Group applied AASB 16: Leases from 1 July 2019.

This Standard supersedes AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, AASB interpretation 115 Operating Leases-Incentives and AASB interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of lease. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117.

The key features of AASB 16 are as follows:

- Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.
- Assets and Liabilities arising from the lease are initially measured on a present value basis.

The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend to lease, or not to exercise an option to terminate the lease.

AASB 16 also contains disclosure requirements for leases.

#### *Lessor accounting*

- AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.
- AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

#### **Initial application of AASB 16: Leases**

The adoption of AASB 16 does not have a significant impact on the Group as the Group only has one operating lease as of the reporting date, relating to rental of office premises, which is on a short-term basis (lease with a remaining lease term of less than 12 months). Hence, no adjustment to the opening balance of retained earnings have been made and the comparative information was not restated.

## **2. Segment information**

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

AASB 8 "Operating Segments" states that similar operating segments can be aggregated to form one reportable segment.

From the period beginning 1 July 2019 the Board considers that the Group has only operated in one Segment.

### 3. Revenue

	31 Dec 2019	31 Dec 2018
	\$	\$
Interest income	1,779	11,016

### 4. Other Income

	31 Dec 2019	31 Dec 2018
	\$	\$
Research and development tax incentive	-	248,523

\*\$248,523 relates to an additional amount received as a result of a successful Overseas Finding Application submitted to AusIndustry for eligible expenditure relating to the 2017/2018 financial year.

### 5. Reclassification and comparative figures

Certain reclassifications have been made to the prior year's statement of profit or loss and other comprehensive income to ensure comparability with the current period.

In the current half-year ended 31 December 2019, research and development expenses include salary and wages incurred in relation to conducting R&D activities.

Prior year items were reclassified as follows:

	31 Dec 2018 Previously Reported	31 Dec 2018 Reclassification	31 Dec 2018
	\$	\$	\$
Research and development expenses	(865,983)	(342,866)	(1,208,849)
Corporate administration expenses	(1,038,033)	342,866	(695,167)

### 6. Loss per share

	31 Dec 2019	31 Dec 2018
	\$	\$
Basic and diluted loss per share (cents per share)	2.007	1.112

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	31 Dec 2019	31 Dec 2018
	\$	\$
Loss for the half-year attributable to the owners of the Company	3,244,574	1,761,752

	31 Dec 2019	31 Dec 2018
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	161,655,871	158,430,580

## 7. Trade, other receivables and prepayments

	31 Dec 2019	30 Jun 2019
	\$	\$
Other receivables	140,859	1,274,966
Prepayments	51,327	99,773
	192,186	1,374,739

At the reporting date, none of the receivables are past due or impaired.

## 8. Issued capital

	31 Dec 2019	30 Jun 2019
	\$	\$
Fully paid Ordinary shares	22,795,991	20,474,930

	31 December 2019		30 June 2019	
	No.	\$	No.	\$
Balance at beginning of the reporting period	158,799,437	20,474,930	155,049,393	20,287,429
Issue of Ordinary Shares	22,727,280	2,500,000	-	-
Conversion of class C performance shares	-	-	3,750,044	187,501
Capital raising costs	-	(178,939)	-	-
<b>Balance at end of period</b>	<b>181,526,717</b>	<b>22,795,991</b>	<b>158,799,437</b>	<b>20,474,930</b>

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Ordinary shares participate in the proceeds on winding up of the Company in proportion to the number of shares held.

## 9. Reserves

	31 Dec 2019	30 Jun 2019
	\$	\$
Share-based payment reserve	821,512	669,627

### Performance share reserve

On 18 July 2018, ethics approval was granted for DMX-200 Phase 2 clinical efficacy trials, triggering Milestone C of the Class C Performance Shares which were issued to Dimerix Bioscience shareholder vendors on 3 July 2015. As a result, 3,750,044 Class C Performance Shares were converted to 3,750,044 ordinary shares on that date. This allocation represents the last tranche of Performance Shares associated with the 2015 transaction.

Following the conversion of Class C Performance Shares, there are no further legacy aspects to the July 2015 acquisition of Dimerix Biosciences Pty Ltd.

## Performance share reserve movement

Balance at the beginning of the reporting period  
Conversion to ordinary shares  
Balance at end of the end of the reporting period

31 Dec 2019	30 Jun 2019
\$	\$
-	187,501
-	(187,501)
-	-

## Share-based payments

### Employee Options

Options may be issued to employees in accordance with the Company's existing ESOP. Options cannot be offered to a director or an associate except where approval is given by shareholders at a general meeting.

Each option issued converts into one ordinary share of Dimerix Limited on exercise. The options carry neither right to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

There were no options issued to employees during the half-year ended 31 December 2019. The total share-based payment expense amortised for the half-year ended 31 December 2019 was \$99,809.

### Options issued to Advisors

Options may be issued to external consultants or non-related parties without shareholders' approval, where the annual 15% capacity pursuant to ASX Listing Rule 7.1 has not been exceeded. Options cannot be offered to a director or an associate except where approval is given by shareholders at a general meeting.

1,000,000 options were granted to corporate advisors Taylor Collison. Under the corporate advisor agreement, 1,000,000 unlisted options were issued on 9 August 2019 at an exercise price of 18 cents per share, expiring three years from the date of issue. The vesting date of the options is the issue date. The fair value of the options at grant date are determined using a Black Scholes pricing method that takes into account the exercise price, the term of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The following table lists the inputs to the model used for valuation of the unlisted options:

Item	Inputs - \$0.18
Volatility (%)	57.96%
Risk free interest rate (%)	1.0%
Expected life of option (years)	3.0
Exercise price per terms and conditions	\$0.18
Underlying security price at grant date	\$0.10
Expiry date	9 August 2022
Value per option	\$0.023

750,000 options were granted to corporate advisors Westar Capital for their services in connection with the placement announced on 03 December 2019. Under the placement mandate, 750,000 unlisted options were issued on 9 December 2019 at an exercise price of 18 cents per share, expiring on 9 August 2022. The vesting date of the options is the issue date. The fair value of the options at grant date are determined using a Black Scholes pricing method that takes into account the exercise price, the term of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The following table lists the inputs to the model used for valuation of the unlisted options:

Item	Inputs - \$0.18
Volatility (%)	59.51%
Risk free interest rate (%)	0.75%
Expected life of option (years)	2.67
Exercise price per terms and conditions	\$0.18
Underlying security price at grant date	\$0.135
Expiry date	9 August 2022
Value per option	\$0.039

The deemed fair value of options granted during the half-year ended 31 December 2019 is \$52,069.

The total share-based payment expense for advisory options amortised for the half-year ended 31 December 2019 was \$22,530. The total share-based payment expense recognised as a cost of raising capital and deducted from equity was \$29,539.

## 10. Key management personnel

Remuneration arrangements of key management personnel are disclosed in the annual financial report at 30 June 2019. The following changes to key management personnel were made during the period under review:

On 11 October 2019, David Franklyn resigned as non-executive director of the Company.

Otherwise, all other arrangements with related parties continue to be in place. For details of these arrangements, please refer to the 30 June 2019 annual financial report.

Key management personnel continue to receive compensation in the form of short-term employee benefits, post-employment benefits and share-based payments.

## 11. Dividends

No dividends were paid or declared for the half-year ended 31 December 2019 and the directors have not recommended the payment of a dividend.

## 12. Commitments and contingencies

There has been no change to the commitments and contingencies disclosed in the most recent annual financial report. As at 31 December 2019, the Consolidated Entity has no significant commitments.

### **13. Subsequent events**

There has not been any matter or circumstance that has arisen since the end of the half-year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

### **14. Government Assistance**

The Company entered into a research project agreement with University of Western Australia (UWA) in October 2019. The project will utilise expertise at the Harry Perkins Institute of Medical Research and UWA and will fund further research on molecular pharmacology profiling. The project is partially funded via a matched contribution totalling \$50,000 from the Commonwealth Government under the Innovations Connections Grant Scheme. The Government funding is provided directly to the UWA via a separate funding agreement.