

# 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 2016
<b>Previous Corresponding Reporting Period</b>	Half Year Ended 31 December 2015

### 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>	\$8	(69%)
<b>Loss from continuing activities after tax attributable to members</b>	(\$1,119)	(76%)
<b>Net loss attributable to members</b>	(\$1,119)	(76%)

<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 Interim Financial Report 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

	2016	2015
Net tangible asset backing per ordinary security	0.09 cents	0.20 cents

## 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

Name of entity	Ownership Interest		Contribution to net profit/(loss)	
	2016 %	2015 %	2016 \$A'000	2015 \$A'000
	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	Interim Financial Report

Signed by Company Secretary

**Ian Hobson**

**Dated: 21 February 2017**



**Dimerix Limited**

**ABN 18 001 285 230**

**Interim report for the half-year ended  
31 December 2016**

## Corporate directory

### Board of Directors

Dr James Howard Williams	Executive Chairman
Dr Sonia Maria Poli	Non-Executive Director
Mr David Franklyn	Non-Executive Director

### Company Secretary

Mr Ian Hobson

### Registered and Principal Office

Suite 5, 95 Hay Street  
Subiaco, Western Australia 6008  
Tel: +61 8 9388 8290  
Fax: +61 8 9388 8256

### Postal Address

PO Box 226  
Subiaco, Western Australia 6904

### Website

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

### Auditors

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

### Share Registry

Automic 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 40, Central Park  
152-158 St Georges Terrace  
Perth, Western Australia 6000

### ASX Code

DXB

# Interim report for the half-year ended 31 December 2016

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## Directors' report

The directors of Dimerix Limited ("Dimerix" or "the Company") submit herewith the financial report of the Company and its subsidiary ("Group or Consolidated Entity") for the half-year ended 31 December 2016. 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:

Mr James Williams

Dr Sonia Maria Poli

Mr David Franklyn

Dr Liz Jazwinska (resigned on 3 November 2016)

### Operating results

The loss of the Group for the half-year ended 31 December 2016, after accounting for income tax benefit, amounted to \$1,119,415 (31 December 2015 - \$4,770,302). The half-year ended 31 December 2016 operating results are attributed to the following:

- Research and development expenditure of \$523,148 (31 December 2015: \$247,479);
- Share based payment in respect of options issued to employees of \$31,457 (31 December 2015: \$93,453); and
- Corporate and administration expenses of \$573,161 (31 December 2015: \$480,690).

### Review of operations

During the period, the Group continued to focus on the development of Dimerix's DMX-200 clinical asset for the treatment of Chronic Kidney Disease, and the broader commercialisation of Dimerix's underlying drug discovery technology.

On 3 November 2016, Dr Liz Jazwinska resigned as a Non- Executive Director.

Ms Kathy Harrison (former General Manager of Dimerix Bioscience Limited) was appointed as Chief Executive Officer of Dimerix Limited on 7 November 2016.

### Overview of Company Strategy

The company intends to establish proof of concept for DMX-200 in treating forms of chronic kidney disease in a human trial to support partnering of the asset with a pharmaceutical company within a 2-3 year time frame. In parallel, Dimerix will leverage its drug discovery technology to build a pipeline of additional pre-clinical and clinical assets with the intention of becoming a company with multiple, high potential value, commercial opportunities.

### The DMX-200 Program

DMX-200 is an adjunct treatment in which propagermanium is added to the standard of care drug irbesartan. Irbesartan is an off-patent angiotensin II type I receptor blocker indicated for the treatment of hypertension and nephropathy in Type II diabetic patients. Propagermanium (PPG) is a chemokine receptor (CCR2) blocker used for its anti-inflammatory properties. DMX-200 has been shown to improve the outcome of chronic kidney disease by reducing leakage of protein into the urine (proteinuria) by more than 50 per cent in animal models.



The DMX-200 trial is a single arm, open label trial in adult patients with chronic kidney disease (with proteinuria). The primary end points are the incidence and severity of adverse events and the clinically significant changes in the safety profile of participants. The secondary end points are obtained from statistical analysis of biomarker data at each time point including change from baseline, and the proportion of responders defined as those participants achieving normalisation of proteinuria (proteinuria within normal limits) or those participants achieving a 50% reduction in proteinuria. The trial has two parts Part A is a dose escalation trial recruiting up to 30 patients. All patients recruited to the trial will be on stable irbesartan therapy, and will be treated with propagermanium dosed orally three times per day. Part B is an expansion study, in which up to 30 patients are recruited on the best dose identified from Part A.

During the half year the company announced the outcomes of the meeting with the FDA, positive interim data regarding the safety of DMX-200 with encouraging signs of proteinuria reduction from the clinical trial, and completion of recruitment for Part A.

The company expects to review the design of Part B in line with the meeting held with the US Food and Drug Administration (FDA) and in light of all data available to the company, prior to commencement of Part B. The meeting with the FDA was in line with the company's strategy of pursuing registration for an orphan indication of focal segmental glomerulosclerosis (FSGS), for which the company has obtained Orphan Designation from the US FDA.

Patient recruitment for Part A was completed in November 2016, with trial completion and data readout expected in Q3 2017.

## **Market Background**

### **Chronic Kidney Disease**

Chronic kidney disease can result from diabetes, high blood pressure and diseases that cause inflammation specifically in the kidneys. Proteinuria is the most common manifestation of the disease. As the disease progresses it can lead to end-stage renal disease (ESRD) where the kidneys fail. The only treatment for ESRD is a kidney transplant or regular blood-cleansing treatments called dialysis. More than 26 million people suffer from the disease in the United States alone, with drug sales in this area exceeding US\$2.3 billion.

### **Focal Segmental Glomerulosclerosis**

Focal segmental glomerulosclerosis (FSGS) is a rare disease that causes scarring in the part of the kidney which filters blood (glomeruli) and is one of the most common causes of primary (or idiopathic) glomerular diseases in adults. The condition causes asymptomatic proteinuria or nephrotic syndrome. Generally, FSGS is a progressive form of kidney disease, accounting for 2.3% of patients with end-stage renal disease (ESRD). FSGS can re occur in 30-40% of patients who receive a kidney transplant.

There are few available treatment options for sufferers of CKD generally and FSGS specifically. 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 \$500 million having been completed in the past 24 months.

### **DMX-200 Research and Development activities**

DMX-200 also has potential use in treating other disease conditions, including Nonalcoholic steatohepatitis or NASH. Dimerix has commenced pre-clinical animal studies to confirm if DMX-200 has utility in treating this condition.

The major feature in NASH is fat in the liver, along with inflammation and damage. NASH can be severe and can lead to cirrhosis, in which the liver is permanently damaged and scarred and no longer able to work properly.

NASH affects 2 to 5% of Americans. An additional 10 to 20 percent of Americans have fat in their liver, but no inflammation or liver damage, a condition called “fatty liver.” Although having fat in the liver is not normal, by itself it probably causes little harm or permanent damage. If fat is suspected based on blood test results or scans of the liver, this problem is called non alcoholic fatty liver disease (NAFLD). If a liver biopsy is performed in this case, it will show that some people have NASH while others have simple fatty liver.

There are no current treatments for NASH, and thus this program represents a significant commercial opportunity for Dimerix.

### **Subsequent events**

On 6 February 2017, the Company raised \$2 million through placement to sophisticated and professional investors by issuing 333.3 million shares at \$0.006 per share. Otherwise, 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 4 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**

21 February 2017

Perth, Western Australia

21 February 2017

Board of Directors  
Dimerix Limited  
Suite 5, 95 Hay Street  
SUBIACO WA 6008

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 2016, 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)**



**Samir Tirodkar**  
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 2016, 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 entities 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 2016 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*

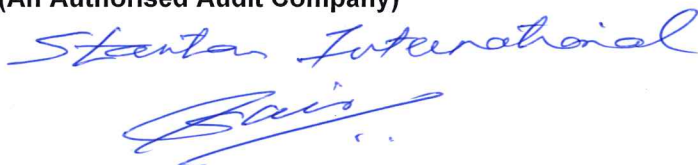
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Dimerix Limited on 21 February 2017.

*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 2016 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)



**Samir Tirodkar**  
**Director**

West Perth, Western Australia  
21 February 2017

## Directors' declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Company 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 2016 and performance of the Consolidated Entity 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**

21 February 2017

Perth, Western Australia

## Consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2016

		31 Dec 2016	31 Dec 2015
	Note	\$	\$
<b>Continuing operations</b>			
Revenue	3	8,351	26,244
Other income	4	-	2,000
Research and development expenses		(523,148)	(247,479)
Business development expenses		-	(5,113)
Corporate administration expenses		(573,161)	(480,690)
Corporate restructure expenses	8	-	(3,971,811)
Share based payment expenses		(31,457)	(93,453)
<b>Loss before income tax</b>		<b>(1,119,415)</b>	<b>(4,770,302)</b>
Income tax benefit		-	-
<b>Loss for the period attributable to Owners of Dimerix Limited</b>		<b>(1,119,415)</b>	<b>(4,770,302)</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>(1,119,415)</b>	<b>(4,770,302)</b>
<b>Loss and total comprehensive loss attributable to:</b>			
Owners of Dimerix Limited		<b>(1,119,415)</b>	<b>(4,770,302)</b>
<b>Loss per share:</b>			
Basic and diluted (cents per share)	5	(0.075)	(0.363)

Condensed notes to the financial statements are included on pages 12 to 17.

## Consolidated statement of financial position as at 31 December 2016

	Note	31 Dec 2016 \$	30 Jun 2016 \$
<b>Current assets</b>			
Cash and cash equivalents		1,008,680	2,018,716
Trade and other receivables		500,162	504,375
<b>Total current assets</b>		<b>1,508,842</b>	<b>2,523,091</b>
<b>Non-current assets</b>			
Property, plant and equipment		1,430	2,209
<b>Total assets</b>		<b>1,510,272</b>	<b>2,525,300</b>
<b>Current liabilities</b>			
Trade and other payables		107,590	264,552
Provisions		27,232	18,173
<b>Total current liabilities</b>		<b>134,822</b>	<b>282,725</b>
<b>Total liabilities</b>		<b>134,822</b>	<b>282,725</b>
<b>Net assets</b>		<b>1,375,450</b>	<b>2,242,575</b>
<b>Equity</b>			
Issued capital	6	11,140,903	10,920,070
Reserves	7	331,163	299,706
Accumulated losses		(10,096,616)	(8,977,201)
<b>Total equity</b>		<b>1,375,450</b>	<b>2,242,575</b>

Condensed notes to the financial statements are included on pages 12 to 17.



## Consolidated statement of changes in equity for the half-year ended 31 December 2016

	Issued capital \$	Reserves \$	Accumulated losses \$	Total \$
<b>Balance at 1 July 2015</b>	<b>4,378,510</b>	-	<b>(3,722,726)</b>	<b>655,784</b>
Loss for the period	-	-	(4,770,302)	(4,770,302)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the period</b>	-	-	<b>(4,770,302)</b>	<b>(4,770,302)</b>
Issue of ordinary shares ( <i>refer to note 6</i> )	5,736,400	-	-	5,736,400
Share issue costs ( <i>refer to note 6</i> )	(19,840)	-	-	(19,840)
Issue of Performance shares		1,012,501	-	1,012,501
Recognition of share based payments		93,453	-	93,453
<b>Balance at 31 December 2015</b>	<b>10,095,070</b>	<b>1,105,954</b>	<b>(8,493,028)</b>	<b>2,707,996</b>
<b>Balance at 1 July 2016</b>	<b>10,920,070</b>	<b>299,706</b>	<b>(8,977,201)</b>	<b>2,242,575</b>
Loss for the period	-	-	(1,119,415)	(1,119,415)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the period</b>	-	-	<b>(1,119,415)</b>	<b>(1,119,415)</b>
Issue of ordinary shares ( <i>refer to note 6</i> )	220,833	-	-	220,833
Share based payments	-	31,457	-	31,457
<b>Balance at 31 December 2016</b>	<b>11,140,903</b>	<b>331,163</b>	<b>(10,096,616)</b>	<b>1,375,450</b>

Condensed notes to the financial statements are included on pages 12 to 17.

## Consolidated statement of cash flows for the half-year ended 31 December 2016

	Note	Half-year ended	
		31 Dec 2016	31 Dec 2015
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers and grants received		-	2,000
Payments to suppliers and employees		(1,239,220)	(866,218)
Interest received		8,351	25,919
Net cash used in operating activities		(1,230,869)	(838,299)
<b>Cash flows from investing activities</b>			
Cash from acquisition of subsidiary		-	2,931,305
Payments for property, plant and equipment		-	(453)
Net cash provided by investing activities		-	2,930,852
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	6	220,833	-
Share issue costs	6	-	(19,840)
Net cash (used in)/provided by financing activities		220,833	(19,840)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(1,010,036)</b>	<b>2,072,713</b>
Cash and cash equivalents at the beginning of the period		2,018,716	486,864
<b>Cash and cash equivalents at the end of the period</b>		<b>1,008,680</b>	<b>2,559,577</b>

Condensed notes to the financial statements are included on pages 12 to 17

# Condensed notes to the financial statements for the half-year ended 31 December 2016

## 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 Company for the year ended 30 June 2016 together with any public announcements made during the following half year.

The half-year financial report was authorised for issue by the directors on 21 February 2017.

### 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.

### Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Group has considered the implications of new and amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

The following standards became effective for annual reporting periods beginning on or after 1 January 2016 and therefore effective for the current interim period.

- AASB 2014-1: Amendments to Australian Accounting Standards (Part D);
- AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations;
- AASB 2014-4: Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation;
- AASB 2014-6: Amendments to Australian Accounting Standards – Agriculture: Bearer Plants;
- AASB 2014-9: Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements;
- AASB 2015-1: Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle;
- AASB 2015-2: Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101;
- AASB 2015-5: Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception; and
- AASB 2015-9: Amendments to Australian Accounting Standards – Scope and Application Paragraphs.

## 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.

The Group has identified its operating segments based on the internal reports that are used by the Board (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance.

For the period 1 July 2016 to 31 December 2016, the Board considered that the Group has only operated in one segment, being development of the Group's DMX-200 clinical asset for the treatment of Chronic Kidney Disease. Where applicable, corporate costs, finance costs, and interest revenue are not allocated to segments as they are not considered part of the core operations of the segments and are managed on a Group basis.

For the period 1 July 2015 to 31 December 2015, the Group identified two business segments and one geographical segment. The business segments were:

- the development of occupational drug testing devices and new therapeutic agents in Australia (Segment 1); and
- clinical stage drug discovery and development in Australia (Segment 2).

The following table presents revenue and profit information and asset and liability information regarding the business segments for the period 1 July 2015 to 31 December 2015.

<b>Period ended 31 December 2015</b>	<b>Segment 1</b>	<b>Segment 2</b>	<b>Consolidation Entry</b>	<b>Consolidated</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>				
Revenue	24,162	2,082	-	26,244
Other income	-	2,000	-	2,000
<b>Total segment revenue</b>	<b>24,162</b>	<b>4,082</b>	<b>-</b>	<b>28,244</b>
Operating expenses	(396,768)	(429,967)	(3,971,811)	(4,798,546)
<b>Segment net operating loss before taxation</b>	<b>(372,606)</b>	<b>(425,885)</b>	<b>(3,971,811)</b>	<b>(4,770,302)</b>
<b>Segment assets</b>				
Cash and cash equivalents	2,042,150	517,427	-	2,559,577
Trade and other receivables	21,502	200,775	-	222,277
Plant and equipment	4,764	1,847	-	6,611
Investment in subsidiary	6,748,901	-	(6,748,901)	-
Loans receivables	455,863	-	(455,863)	-
<b>Total segment assets</b>	<b>9,273,180</b>	<b>720,049</b>	<b>(7,204,764)</b>	<b>2,788,465</b>
<b>Segment liabilities</b>				
Trade and other payables	46,183	20,152	-	66,335
Provisions	-	14,134	-	14,134
Loans payable	-	455,863	(455,863)	-
<b>Total segment liabilities</b>	<b>46,183</b>	<b>490,149</b>	<b>(455,863)</b>	<b>80,469</b>

**3. Revenue**

	<b>Consolidated</b> <b>31 Dec 2016</b>	<b>Consolidated</b> <b>31 Dec 2015</b>
	\$	\$
Interest income	<b>8,351</b>	<b>26,244</b>

**4. Other income**

	<b>Consolidated</b> <b>31 Dec 2016</b>	<b>Consolidated</b> <b>31 Dec 2015</b>
	\$	\$
Grants	-	2,000
	<b>-</b>	<b>2,000</b>

**5. Loss per share**

	<b>Consolidated</b> <b>31 Dec 2016</b>	<b>Consolidated</b> <b>31 Dec 2015</b>
	\$	\$
<b>Basic and diluted loss per share ( cents per share)</b>	<b>(0.075)</b>	<b>(0.363)</b>

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

	<b>Consolidated</b> <b>31 Dec 2016</b>	<b>Consolidated</b> <b>31 Dec 2015</b>
	\$	\$
<b>Loss for the half-year attributable to the owners of the Company</b>	<b>(1,119,415)</b>	<b>(4,770,302)</b>

	<b>Consolidated</b> <b>31 Dec 2016</b>	<b>Consolidated</b> <b>31 Dec 2015</b>
	\$	\$
<b>Weighted average number of ordinary shares for the purposes of basic and diluted loss per share</b>	<b>1,487,711,040</b>	<b>1,314,236,114</b>

**6. Issued capital**

	<b>Consolidated</b> <b>31 Dec 2016</b>	<b>Consolidated</b> <b>30 June 2016</b>
	\$	\$
Fully paid Ordinary shares	<b>11,140,903</b>	<b>10,920,070</b>

	<b>Consolidated</b> <b>31 December 2016</b>		<b>Consolidated</b> <b>30 June 2016</b>	
	<b>No.</b>	<b>\$</b>	<b>No.</b>	<b>\$</b>
Balance at beginning of the reporting period	1,473,640,129	10,920,070	67,946,250	4,378,510
<b>Merger of Dimerix Ltd and Dimerix Bioscience Ltd</b>				
Elimination of existing Dimerix Bioscience Ltd shares	-	-	(67,946,250)	-

Existing Dimerix Limited shares on acquisition	-	-	573,640,008	-
Issue of Dimerix Ltd shares on acquisition	-	-	750,000,041	5,736,400
Issue on conversion of performance shares	-	-	150,000,080	825,000
Issue on exercise of options	22,976,190	220,833	-	-
Capital raising (costs)/refund	-	-	-	(19,840)
Balance at end of period	<b>1,496,616,319</b>	<b>11,140,903</b>	<b>1,473,640,129</b>	<b>10,920,070</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.

### ***Movements in share options during the year***

The following reconciles the share options outstanding at the beginning and end of the year:

	<b>31 December 2016</b>		<b>30 June 2016</b>	
	<b>Number of options</b>	<b>Weighted average exercise price</b>	<b>Number of options</b>	<b>Weighted average exercise price</b>
	<b>No.</b>	<b>\$</b>	<b>No.</b>	<b>\$</b>
Balance at beginning of the year	111,708,737	0.0123	20,857,143	0.0076
Granted during the year	10,000,000	0.020	90,851,594	0.0134
Forfeited during the year	-	-	-	-
Exercised during the year	(22,976,190)	0.096	-	-
Expired during the year	-	-	-	-
Balance at end of year	<b>98,732,547</b>	<b>0.0136</b>	<b>111,708,737</b>	<b>0.0123</b>
Exercisable at end of year	<b>98,732,547</b>	<b>0.0136</b>	<b>111,708,737</b>	<b>0.0123</b>

### ***Share options exercised during the year***

22,976,190 share options were exercised during the period (30 June 2016: Nil).

### ***Share options outstanding at the end of the year***

The share options outstanding at the end of the period had a weighted average exercise price of \$0.0136 and a weighted average remaining contractual life of 288 days (30 June 2016: 399 days).

## 7. Reserves

	Consolidated 31 Dec 2016	Consolidated 30 June 2016
	\$	\$
Performance shares reserve	187,500	187,500
Share based payment reserve	143,663	112,206
Total reserves at end of period	<b>331,163</b>	<b>299,706</b>

### Performance share reserve

On acquisition of Dimerix Bioscience Limited performance shares were issued to the Vendors or their nominees refer note 8. Each performance share is convertible into 1 ordinary share. The Directors have determined the value of the performance shares based on the ASX market price on the date of issue and adjusted the value for the probability of achieving the performance milestones as follows:

Class	No.	Probability
Class A Performance shares	75,000,040	85%
Class B Performance shares	75,000,040	25%
Class C Performance shares	75,000,040	25%

The Class A and Class B performance shares converted to ordinary shares on 19 February 2016 and 28 April 2016 respectively on achievement of the relevant performance milestones.

### Employee options

10,000,000 options were granted to the Chief Executive officer in accordance with the Company's ESOP during the period ended 31 December 2016. 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
Volatility (%)	90%
Risk free interest rate (%)	1.92%
Expected life of option (years)	2.8 yrs
Exercise price per terms and conditions	\$0.02
Underlying security price at grant date	\$0.013
Expiry date	30 June 2019
Value per option	\$0.006

In the comparative period 1 July to 31 December 2015, 30,851,594 options were granted to Dimerix Bioscience Limited employees and consultants pursuant to the acquisition of Dimerix Bioscience Limited. 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
Volatility (%)	90%
Risk free interest rate (%)	1.92%
Expected life of option (years)	2
Exercise price per terms and conditions	\$0.02
Underlying security price at grant date	\$0.011
Expiry date	30 June 2017
Value per option	\$0.0036

## 8. Business Combination – Reverse acquisition

### Subsidiary acquired

On 3 July 2015 Dimerix Limited (formerly Sun Biomedical Limited) completed the 100% acquisition of Dimerix Bioscience Limited a clinical stage drug discovery and development company. The consideration for this acquisition was \$6,748,901 made up as follows:

- i) 750,000,041 shares in Dimerix Limited;
- ii) 75,000,040 Class A Performance shares (convertible into 75,000,040 shares upon receipt by the Company of a notice of allowance from the United States Patent and Trademark Office in relation to the US patent application within 24 months of completion of the Acquisition);
- iii) 75,000,040 Class B Performance shares (convertible into 75,000,040 shares upon the Board making an investments decision to proceed to file an application to the US Food and Drug administration for a pre-investigational New Drug meeting to progress development of DMX200 following receipt of data generated under the clinical trial for chronic kidney disease supporting further progression of the technology within 48 months of completion of the Acquisition); and
- iv) 75,000,040 Class C Performance shares (convertible into 75,000,040 shares upon receipt of ethics approval allowing commencement of a second clinical trial derived from the Dimerix platform and in relation to an indication that is not covered under the existing Austin Human Research Ethics Committee approval within 48 months of completion of the Acquisition).

From a legal and taxation perspective Dimerix Limited is considered the acquiring entity. However, the acquisition has the features of a reverse acquisition as described in the Australian Accounting Standard AASB 3 “Business Combinations” notwithstanding Dimerix Limited being the legal parent of the Group. The transaction has been accounted for as a reverse acquisition from a consolidated perspective, where Dimerix Bioscience Limit is the accounting acquirer and Dimerix Limited is the legal acquirer.

The excess of the fair value of the shares owned by the Dimerix Limited (formerly Sun Biomedical Limited) shareholders and the fair value of the identifiable net assets of Dimerix Limited immediately prior to the completion of the merger is accounted for under “AASB 2 “Share –based Payment” and resulted in the recognition of \$3,971,811 being recorded as “Corporate Restructure Expense”. The net assets of Dimerix Limited were recorded at fair value at completion of the merger. No adjustments were required to the historical values.

	<b>Dimerix Limited</b>
	<b>\$</b>
<b>Assets acquired and liabilities of Dimerix Limited assumed at the date of acquisition</b>	
<b>Current assets</b>	
Cash and cash equivalents	2,931,305
Trade receivables	32,564
<b>Non-current assets</b>	
Property, plant and equipment	4,864
<b>Total assets</b>	<b>2,968,733</b>
<b>Current liabilities</b>	
Trade and other payables	175,376
Provisions	16,267
<b>Total liabilities</b>	<b>191,643</b>
<b>Net assets acquired</b>	<b>2,777,090</b>



The fair values of the assets acquired and the liabilities assumed approximate their carrying value. The initial accounting for the acquisition of Dimerix Limited (the legal acquirer) has been determined at the end of the reporting period.

**Corporate restructure expense on acquisition**

Consideration transferred

6,748,901

Less fair value of identifiable net assets acquired- Dimerix Limited

(2,777,090)

Corporate restructure expense

**3,971,811**

## 9. Key management personnel

Remuneration arrangements of key management personnel are disclosed in the annual financial report at 30 June 2016. During the period under review there were a number of changes to key management personnel.

On 3 November 2016 Dr Liz Jazwinska resigned as a Non-Executive Director.

Ms Kathy Harrison (former General Manager of Dimerix Bioscience Limited) was appointed as Chief Executive Officer of Dimerix Limited on 7 November 2016 with the following key terms and conditions

- Term of agreement – employment may be terminated by either party giving two months' notice.
- Remuneration will be \$200,000 per annum plus superannuation.
- Performance bonus of up to 25% of gross salary (\$50,000) as a milestone dependant bonus.

10,000,000 options exercisable at 2 cents per share and expiring 30 June 2019 were issued to Ms Harrison. Otherwise, all other arrangements with related parties continue to be in place. For details of these arrangements, please refer to the 30 June 2016 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.

## 10. Dividends

No dividends were paid or declared for the half-year ended 31 December 2016 and the directors have not recommended the payment of a dividend.

## 11. 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 2016, the Consolidated Entity has no significant commitments.

## 12. Subsequent events

On 6 February 2017, the Company raised \$2 million through placement to sophisticated and professional investors by issuing 333.3 million shares at \$0.006 per share. Otherwise, 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.