

# 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 2018
<b>Previous Corresponding Reporting Period</b>	Half Year Ended 31 December 2017

### 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>	\$11	74%
<b>Loss from continuing activities after tax attributable to members</b>	(\$1,762)	(5%)
<b>Net loss attributable to members</b>	(\$1,762)	(5%)

<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

Section	Contents
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

## 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

	2018	2017
Net tangible asset backing per ordinary security	\$0.033	\$0.011

## 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)	
	2018 %	2017 %	2018 \$A'000	2017 \$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: 25 February 2019**



**Dimerix Limited  
and controlled entity**

**ABN 18 001 285 230**



**Financial Report for the half year ended  
31 December 2018**

## Corporate directory

### Board of Directors

Dr James Howard Williams  
Dr Sonia Maria Poli  
Mr David Franklyn  
Mr Hugh Alsop  
Dr Nina Webster

Chairman  
Non-Executive Director  
Non-Executive Director  
Non-Executive Director  
CEO and Managing Director (Appointed on 27 August 2018)

### Company Secretary

Mr Ian Hobson

### 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

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

**Dimerix is a biopharmaceutical company developing innovative new therapies in areas with unmet medical needs.**

**Dimerix HQ**  
425 Smith St, Fitzroy 3065  
Victoria, Australia  
T. 1300 813 321  
E. [info@dimerix.com](mailto:info@dimerix.com)

# Half year report for the half-year ended 31 December 2018

## Contents

<b>Directors' report .....</b>	<b>1</b>
<b>Auditor's independence declaration .....</b>	<b>5</b>
<b>Independent auditor's report .....</b>	<b>6</b>
<b>Directors' declaration .....</b>	<b>8</b>
<b>Consolidated statement of profit or loss and other comprehensive income .....</b>	<b>9</b>
<b>Consolidated statement of financial position.....</b>	<b>10</b>
<b>Consolidated statement of changes in equity .....</b>	<b>11</b>
<b>Consolidated statement of cash flows .....</b>	<b>12</b>
<b>Condensed notes to the financial statements .....</b>	<b>13</b>

## 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 2018. 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  
Mr Hugh Alsop  
Dr Nina Webster (Appointed on 27 August 2018)

### Operating results

The loss of the Group for the half-year ended 31 December 2018, after accounting for income tax benefit, amounted to \$1,761,752 (31 December 2017: \$1,861,135). The half-year ended 31 December 2018 operating results are attributed to the following:

- Research and development expenditure of \$865,983 (31 December 2017: \$828,791); and
- Corporate and administration expenses of \$1,038,033 (31 December 2017: \$865,099), which includes research and development salary and wages.

### 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, 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.

- 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.

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

Dimerix has used its Receptor-HIT technology to identify a new treatment (DMX-200) that may transform the lives of patients with kidney disease. 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.

Irbesartan, the current standard of care treatment for kidney disease which has been on the market since 2001, has been shown to reduce proteinuria levels by 24% in type 2 diabetics. DMX-200, when administered to DKD patients already taking irbesartan, reduced proteinuria levels by a further 36%. To be clear, this 36% is in addition to the 24% already seen from Irbesartan and may result in delaying kidney failure and dialysis, compared to taking Irbesartan alone. 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 currently recruiting in Australia.

Dimerix DMX-200 advantages:

1. Reduced risk of safety concerns: Both irbesartan and DMX-200 have well known safety profiles, as they have each been used for many years. This minimizes the safety risk of DMX-200 to patients.
2. Patients remain on standard of care: DMX-200 does not require patients to stop taking their blood pressure lowering treatment, irbesartan. Patients therefore get the benefit of the DMX-200 therapy on improving renal survival without risking the potentially detrimental consequences relating to being taken off the standard of care treatment.
3. Attacks the cause of inflammatory renal disease: Current standard of care treatments, such as irbesartan, reduce the leakage of protein into the urine by reducing blood pressure. However, the reduction of kidney function continues unless the damage caused by inflammation is controlled, leaving many treatment options ineffective in the long term. By adding an anti-inflammatory component to irbesartan, DMX-200 aims to combat this inflammation and preserve kidney function.
4. Supported by Receptor-HIT platform: DMX-200 was identified using the Dimerix Receptor-HIT platform. In a meeting with the FDA, the relevance of heteromers to drug development was confirmed, which is the basis of Dimerix's Receptor-HIT platform and DMX-200.

5. Fast path to market: Dimerix has secured orphan drug designation for DMX-200 in FSGS in the US and Europe. Current treatment options for FSGS are limited and have significant side effects, meaning there is a desperate need for safe treatments. Through the orphan drug program, DMX-200 will be have access to a number of regulatory and financial incentives, potentially meaning shorter trials and lower costs compared to other therapies.

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, with the most recent US patent having been granted in August 2018 with expiry in 2032.

### **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.

**Research and Development Tax Refund**

During the half year, the Company received a Research and Development (R&D) Tax Incentive refund of \$1,073,628 for the 2017/2018 financial year.

**Cash position**

Dimerix ended the half year with \$5,327,442 cash as at 31 December 2018.

**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 Company, the results of those operations, or the state of affairs of the Company in future financial years.

**Auditor's independence declaration**

The auditor's independence declaration is included on page 5 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**

25 February 2019

Perth, Western Australia

25 February 2019

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 2018, 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 2018, 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 2018 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 25 February 2019.

*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 2018 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  
25 February 2019

## 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 2018 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**

25 February 2019  
Perth, Western Australia



## Consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2018

	Note	31 Dec 2018 \$	31 Dec 2017 \$
<b>Continuing operations</b>			
Revenue	3	11,016	6,348
Other income	4	248,523	-
Research and development expenses		(865,983)	(828,791)
Corporate administration expenses ( <i>includes research and development salary and wages</i> )		(1,038,033)	(865,099)
Share based payment expenses		(117,275)	(173,593)
<b>Loss before income tax</b>		<b>(1,761,752)</b>	<b>(1,861,135)</b>
Income tax benefit		-	-
<b>Loss for the period attributable to Owners of Dimerix Limited</b>		<b>(1,761,752)</b>	<b>(1,861,135)</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>(1,761,752)</b>	<b>(1,861,135)</b>
<b>Loss and total comprehensive loss attributable to:</b>			
Owners of Dimerix Limited		<b>(1,761,752)</b>	<b>(1,861,135)</b>
<b>Loss per share:</b>			
Basic and diluted (cents per share)	5	(1.112)	(2.030)

Condensed notes to the financial statements are included on pages 13 to 18.



## Consolidated statement of financial position as at 31 December 2018

	Note	31 Dec 2018 \$	30 Jun 2018 \$
<b>Current assets</b>			
Cash and cash equivalents		5,327,442	6,284,322
Trade, other receivables and prepayments		92,662	979,986
<b>Total current assets</b>		<b>5,420,104</b>	<b>7,264,308</b>
<b>Non-current assets</b>			
Property, plant and equipment		136	391
<b>Total assets</b>		<b>5,420,240</b>	<b>7,264,699</b>
<b>Current liabilities</b>			
Trade and other payables		184,666	364,443
Provisions		22,097	42,301
<b>Total current liabilities</b>		<b>206,763</b>	<b>406,744</b>
<b>Total liabilities</b>		<b>206,763</b>	<b>406,744</b>
<b>Net assets</b>		<b>5,213,477</b>	<b>6,857,955</b>
<b>Equity</b>			
Issued capital	6	20,474,929	20,287,429
Reserves	7	555,759	625,985
Accumulated losses		(15,817,211)	(14,055,459)
<b>Total equity</b>		<b>5,213,477</b>	<b>6,857,955</b>

Condensed notes to the financial statements are included on pages 13 to 18.

## Consolidated statement of changes in equity for the half-year ended 31 December 2018

	Issued capital \$	Reserves \$	Accumulated losses \$	Total \$
<b>Balance at 1 July 2017</b>	<b>13,012,842</b>	<b>352,566</b>	<b>(10,735,733)</b>	<b>2,629,675</b>
Loss for the period	-	-	(1,861,135)	(1,861,135)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(1,861,135)</b>	<b>(1,861,135)</b>
Conversion of options to shares	62,500	-	-	62,500
Recognition of share based payments	27,435	146,158	-	173,593
<b>Balance at 31 December 2017</b>	<b>13,102,777</b>	<b>498,724</b>	<b>(12,596,868)</b>	<b>1,004,633</b>

  

<b>Balance at 1 July 2018</b>	<b>20,287,428</b>	<b>625,985</b>	<b>(14,055,459)</b>	<b>6,857,954</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>20,474,929</b>	<b>555,759</b>	<b>(15,817,211)</b>	<b>5,213,477</b>

Condensed notes to the financial statements are included on pages 13 to 18.

## Consolidated statement of cash flows for the half-year ended 31 December 2018

	Note	Half-year ended	
		31 Dec 2018	31 Dec 2017
		\$	\$
<b>Cash flows from operating activity</b>			
Receipt of Research and Development tax refund		1,073,628	545,771
Payments to suppliers and employees		(2,070,162)	(1,748,319)
Interest received		11,016	6,348
Net cash used in operating activities		(985,518)	(1,196,200)
<b>Cash flows from investing activity</b>			
Payments for property, plant and equipment		(4,130)	-
Net cash used in investing activities		(4,130)	-
<b>Cash flows from financing activity</b>			
Proceeds from issue of shares		-	62,500
Net cash provided by financing activities		-	62,500
<b>Net decrease in cash and cash equivalents</b>		<b>(989,648)</b>	<b>(1,133,700)</b>
Cash and cash equivalents at the beginning of the period		6,284,322	2,244,500
Effects of exchange rate changes on cash and cash equivalents		32,768	-
<b>Cash and cash equivalents at the end of the period</b>		<b>5,327,442</b>	<b>1,110,800</b>

Condensed notes to the financial statements are included on pages 13 to 18.

## Condensed notes to the financial statements for the half-year ended 31 December 2018

### 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 2018 together with any public announcements made during the following half year.

The half-year financial report was authorised for issue by the directors on 25 February 2019.

#### 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.

### 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 2018 the Board considers that the Company has only operated in one Segment.

### 3. Revenue

	31 Dec 2018 \$	31 Dec 2017 \$
Interest income	11,016	6,348

### 4. Other Income

	31 Dec 2018 \$	31 Dec 2017 \$
Research and development tax incentive*	248,523	-

\*This amount relates to an amount received in addition to the estimated amount of \$825,104 recorded in the annual financial statements for the year ended 30 June 2018. This additional amount was a result of a successful Overseas Finding Application submitted to AusIndustry for eligible expenditure relating to the 2017/2018 financial year.

### 5. Loss per share

	31 Dec 2018 \$	31 Dec 2017 \$
Basic and diluted loss per share (cents per share)	1.112	2.030

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

	31 Dec 2018 \$	31 Dec 2017 \$
Loss for the half-year attributable to the owners of the Company	(1,761,752)	(1,861,135)

	31 Dec 2018	31 Dec 2017
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	158,430,580	91,663,088

## 6. Issued capital

	31 Dec 2018	30 June 2018
	\$	\$
Fully paid Ordinary shares	<b>20,474,929</b>	<b>20,287,429</b>

	31 December 2018		30 June 2018	
	No.	\$	No.	\$
Balance at beginning of the reporting period	155,049,393	20,287,429	1,829,949,652	13,012,842
Consolidation (1:20)	-	-	(1,738,451,496)	-
Conversion of options to shares	-	-	62,967,633	7,556,116
Issue of Ordinary Shares	-	-	446,429	62,500
Conversion of class C performance shares	3,750,044	187,500	-	-
Shares issued in lieu of cash for services	-	-	137,175	27,435
			-	-
Capital raising costs/(refund)	-	-		(371,464)
Balance at end of period	<b>158,799,437</b>	<b>20,474,929</b>	<b>155,049,393</b>	<b>20,287,429</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.

## 7. Reserves

	31 Dec 2018	30 June 2018
	\$	\$
Performance shares reserve	-	187,501
Share based payment reserve	555,759	438,484
Total reserves at end of period	<b>555,759</b>	<b>625,985</b>

### Performance share reserve

On acquisition of Dimerix Bioscience Limited in July 2015 performance shares were issued to the Vendors or their nominees.

Each performance share was convertible into 1 ordinary share (pre-consolidation).

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.

On 19 February 2016, the Group announced that it had received a Notice of Allowance from the United States Patent and Trade Mark Office (USPTO) for its patent covering the use of DMX-200 in the treatment of kidney disease. The allowance of the US patent triggered Milestone A of the Class A performance shares which were issued to the Dimerix Bioscience vendors on 3 July 2015. As such,

75,000,040 Class A Performance Shares were converted to 75,000,040 ordinary shares (3,750,002 post-consolidation).

On 28 April 2016, the Group announced that it filed a request to the US Food and Drug Administration (FDA) for a pre-Investigational New Drug (IND) application meeting in relation to the Development Plan for DMX-200 in Focal Segmental Glomerularsclerosis (FSGS). This event triggered Milestone B of the Class B performance shares which were issued to the Dimerix Bioscience vendors on 3 July 2015. As such, 75,000,040 Class B Performance Shares were converted to 75,000,040 ordinary shares (3,750,002 post consolidation).

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. 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.

#### Employee options

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.

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

2,000,000 options were granted to corporate advisors Westar Capital. Under the corporate advisor agreement and as part of Westar's performance driven remuneration, 500,000 unlisted options were issued at an exercise price of 25 cents per shares, expiring two years from the date of issue and 1,500,000 unlisted options were issued at an exercise price of 50 cents per shares, expiring two 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 - \$0.25	Inputs - \$0.50
Volatility (%)	76.55%	76.55%
Risk free interest rate (%)	1.50%	1.50%
Expected life of option (years)	2.0	2.0
Exercise price per terms and conditions	\$0.25	\$0.50
Underlying security price at grant date	\$0.110	\$0.110
Expiry date	24 September 2020	24 September 2020
Value per option	\$0.022	\$0.009



6,351,975 options were granted to the Chief Executive Officer in accordance with the Company's ESOP during the period. The Options were issued in three equal tranches, comprising 2,117,325 options each with an exercise price of \$0.18 per share (705,775 options), \$0.27 (705,775 options) and \$0.36 (705,775 options). The Options expire five years from the date of issue and vest 1/3 after 12 months, then in equal quarterly amounts. 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 - \$0.36	Inputs - \$0.27	Inputs - \$0.18
Volatility (%)	73.22%	73.22%	73.22%
Risk free interest rate (%)	1.50%	1.50%	1.50%
Expected life of option (years)	5.0	5.0	5.0
Exercise price per terms and conditions	\$0.360	\$0.270	\$0.180
Underlying security price at grant date	\$0.105	\$0.105	\$0.105
Expiry date	30 October 2023	30 October 2023	30 October 2023
Value per option	\$0.036	\$0.042	\$0.051

## 8. Key management personnel

Remuneration arrangements of key management personnel are disclosed in the annual financial report at 30 June 2018. During the period under review there were a number of changes to key management personnel.

On 30 April 2018 the Company announced a search had commenced to appoint a new CEO. Upon appointment of the new CEO, Kathy Harrison transitioned to the newly created Chief Operating Officer role.

On 27 August 2018 Nina Webster was appointed CEO and Managing Director.

On 9 November 2018 Kathy Harrison resigned as Chief Operating Officer.

Otherwise, all other arrangements with related parties continue to be in place. For details of these arrangements, please refer to the 30 June 2018 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.



**9. Dividends**

No dividends were paid or declared for the half-year ended 31 December 2018 and the directors have not recommended the payment of a dividend.

**10. 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 2018, the Consolidated Entity has no significant commitments.

**11. 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 Company, the results of those operations, or the state of affairs of the Company in future financial years