Dimerix Limited

ACN 001 285 230

Annual Report for the year ended 30 June 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
Dr Liz Jazwinska	Non-Executive Director

Company Secretary
Mr Ian Hobson

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ASX Code
DXB

Annual report for the year ended 30 June 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 financial year ended 30 June 2016. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Information about the directors

The names and particulars of the directors of the Group during or since the end of the financial year are:

Name	**Particulars**
Dr James Williams *BSc (Hons), MBA, PhD, GAICD*	Executive Chairman, joined the Board in July 2015. Dr Williams is the co-founder of Dimerix Bioscience Pty Ltd as well as co-founder and investment director of Yuuwa Capital LP, a venture capital firm based in Western Australia. Prior to establishing Yuuwa Capital, he was managing director of two medical device companies, ASX-listed Resonance Health Limited and Argus Biomedical Pty Ltd, both of which secured regulatory approvals under his leadership. Dr Williams conceived, co-founded and is a former CTO and Director of iCeutica Inc., a clinical stage nano drug reformulation company. iCeutica was acquired by Philadelphia-based Iroko Pharmaceuticals in 2011. Dr Williams is a director of Yuuwa investee companies Adalta Limited, PolyActiva Pty Ltd, and Nexgen Plants Pty Ltd. He is also a director of Linear Clinical Research Ltd, a specialist early phase trial unit and a member of the "Panel of Experts" for the University of Western Australia's Pathfinder Fund.
Dr Sonia Poli *PhD*	Non-Executive Director, joined the Board in July 2015. Dr Poli is an accomplished R&D professional with 20 years international experience in large and small pharmaceutical companies. She has broad knowledge of small molecule drug design, optimisation and early clinical development, with expertise which encompasses multiple therapeutic areas. She is the co-inventor of a new anti-emetic medicine, recently included in the National Comprehensive Cancer Network Antiemesis Guidelines as a recommended option. Dr Poli has worked within the Swiss Stock Exchange listed companies Hoffman la Roche and Addex Therapeutics Ltd, where she has held leadership and executive positions across various disciplines in drug discovery, pre-clinical development and translational science. She has served as the Chief Scientific Officer at Addex Therapeutics Limited.
Mr David Franklyn *BEcon*	Non-Executive Director, joined the Board in November 2015. David has extensive experience in research, financial analysis, funds management and business strategy. His career includes 15 years in the Australian stockbroking industry and 10 years in the funds management sector as well as experience in company management and business strategy. He is an experienced company director, having been Chairman, executive director and non-executive director of various ASX listed companies. David has strong business management expertise incorporating company restructuring, strategy development, people management, corporate culture and organisational structure. David was Chairman of Onterran Ltd until April 2015 and is currently managing director of Village National Holdings Ltd.
Dr Liz Jazwinska *BSc (Hon), PhD, MBA, GAICD*	Non-Executive Director, joined the Board in December 2015. Dr Jazwinska has more than 25 years' experience in R&D Management and drug portfolio business development. She has held senior positions in Industry, Academia

	and Government bodies in Australia, New Zealand, Singapore and the UK, and is currently the Strategic Alliances Director at the Institute of Medical Biology, A*STAR, Singapore. Previously, Dr Jazwinska established and led Asia Pacific Partnering Group, at Johnson & Johnson Research Pty Ltd (JJR) in Sydney, responsible for identification and negotiation of Licences and partnerships across Asia. Liz was closely involved in the divestment of the JJR R&D portfolio in 2009 and she led and successfully completed the Series A fund-raising for a new molecular diagnostics company, SpeedX. Dr Jazwinska holds a BSc (Hons) from Aberdeen University, a PhD from Edinburgh University, an MBA from the Australian Graduate School of Management, and is also a Graduate of the Australian Institute of Company Directors.
Dr Anton Uvarov *MBA, PhD*	Mr Uvarov resigned on 23 November 2015.
Mr Howard Digby *B.Eng (Hons)*	Mr Digby resigned on 23 November 2015.
Mr Evan Cross *B.Bus, CA, FAICD*	Mr Cross resigned on 3 July 2015.
Mr Peter Webse *B.Bus, FGIA, FCIS, FCPA, MAICD*	Mr Webse resigned on 3 July 2015.

The above named directors held office during the whole of the financial year and since the end of the financial year except for:
Mr James Williams (appointed 3 July 2015)
Dr Sonia Maria Poli (appointed 3 July 2015)
Mr David Franklyn (appointed 23 November 2015)
Dr Liz Jazwinska (appointed 17 December 2015)
Mr Howard Digby (resigned 23 November 2015)
Dr Anton Uvarov (resigned 23 November 2015)
Mr Evan Cross (resigned 3 July 2015)
Mr Peter Webse (resigned 3 July 2015)

Directors' shareholdings

The following table sets out each director's relevant interest in shares, debentures and rights or options in shares or debentures of the Company or a related body corporate as at the date of this report:

Directors	Fully paid ordinary shares Number	Share options Number	Performance shares Number
James Williams[1]	29,043,382	10,762,183	2,420,283
Sonia Poli[1]	-	2,152,437	-
David Franklyn[2]	3,311,443	2,152,437	275,954
Liz Jazwinska[3]	-	-	-

[1] Appointed 3 July 2015
[2] Appointed 23 November 2015
[3] Appointed 17 December 2015

Share options granted to directors and senior management

During and since the end of the financial year, an aggregate 15,067,057 share options were granted to the following directors pursuant to the acquisition agreement to acquire 100% of Dimerix Bioscience Pty Ltd (2015: nil):

Directors	Number of options granted	Issuing entity	Number of ordinary shares under option
James Williams[1]	10,762,183	Dimerix Limited	10,762,183
Sonia Poli[1]	2,152,437	Dimerix Limited	2,152,437
David Franklyn[2]	2,152,437	Dimerix Limited	2,152,437

[1] Appointed 3 July 2015

[2] Appointed 23 November 2015

Company Secretary

Ian Hobson B.Bus, FCA, ACIS, MAICD

Mr Hobson is a chartered accountant and chartered company secretary with 30 years' experience. Ian acts as non-executive director and company secretary for ASX listed companies and is experienced in the areas of biotech, technology, finance, mining exploration, marine and mining services. Ian is a governance professional and facilitates governance courses for AICD.

Peter Webse *B.Bus, FGIA, FCIS, FCPA, MAICD*

Mr Webse resigned as company secretary on 24 November 2015. He joined as company secretary on 1 February 2013.

Dividends

No dividends have been paid or declared since the start of the financial year and the directors have not recommended the payment of a dividend in respect of the financial year.

Shares under option /Performance Shares or issued on exercise of options / Performance Shares

Details of unissued shares or interests under option as at the date of this report are:

Issuing entity	Number of shares under option	Performance Shares	Class of shares	Exercise price of option	Expiry date of options
Dimerix Limited	20,857,143		Ordinary	$0.0076	31 Dec. 2017
Dimerix Limited	30,851,594[i]		Ordinary	$0.0200	30 June 2017
Dimerix Limited	60,000,000[ii]		Ordinary	$0.0100	30 June 2017
Dimerix Limited		75,000,040[iii]	Ordinary	n/a	30 June 2019

[i] Issued to past and present employees and consultants of Dimerix Bioscience Pty Ltd in connection with the acquisition of Dimerix Bioscience Pty Ltd (refer to ASX announcement dated 3 July 2015).

[ii] Issued to nominees of Forrest Capital (refer to ASX announcement dated 3 July 2015).

[iii] Represent Class C performance shares respectively which convert to fully paid ordinary shares following achievement of numerous milestones (refer to ASX announcement dated 3 July 2015).

The holders of these options and performance shares do not have the right to participate in any share issue or interest issue of the Company or of any other body corporate or registered scheme.

150,000,080 ordinary shares were issued as a result of achieving milestones in relation to the 75,000,040 Class A and 75,000,040 Class B performance shares (2015: Nil). No shares were issued during the year or since the end of the financial year as a result of exercise of an option (2015: nil).

Indemnification of officers and auditors

During the financial year, the Group paid a premium in respect of a contract insuring the directors of the Group (as named above), the company secretary and all executive officers of the Group and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Group or of any related body corporate against a liability incurred as such an officer or auditor.

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 12 board meetings were held.

	Board of Directors	
Directors	**Held**	**Attended**
Dr James Williams	12	12
Dr Sonia Poli	12	12
Mr David Franklyn	7	7
Dr Liz Jazwinska	5	5
Mr Howard Digby	4	4
Mr Anton Uvarov	4	4
Mr Evan Cross	-	-
Mr Peter Webse	-	-

Proceedings on behalf of the Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 25 to the financial statements.

In the event non-audit services are provided by Stantons, the Board has established procedures to ensure that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. These include:

- all non-audit services are reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Auditor's independence declaration

The auditor's independence declaration is included on page 16 of the financial report.

Operating and financial review

Principal activities

The Group's principal activity during the course of the financial year was to complete the acquisition of Dimerix Biosciences Limited and to progress 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.

Operating results

On 3 July 2015, the Company completed the acquisition of Dimerix Bioscience Pty Ltd. For accounting purposes, Dimerix Bioscience Pty Ltd has been identified as the accounting acquirer of the consolidated group. The accompanying consolidated financial statements represent a continuation of Dimerix Bioscience Pty Ltd's financial statements. The consolidated results reflect a full period of Dimerix Bioscience Pty Ltd plus Dimerix Limited from the date of acquisition, 3 July 2015 to 30 June 2016. The comparative period results reflect Dimerix Bioscience Pty Ltd.

The loss of the Group for the year ended 30 June 2016, after accounting for income tax benefit, amounted to $5,254,475. The loss after tax for Dimerix Bioscience Pty Ltd was $525,073 for the year ended 30 June 2015. The year ended 30 June 2016 operating results are attributed to the following:

- Corporate restructure cost of $3,971,811 following the business combination (30 June 2015: $ nil);
- Share based payment in respect of transaction options issued to employees and contractors of Dimerix Bioscience Pty Ltd of $112,205;
- Grants received $2,000 (30 June 2015: $Nil); and
- Corporate and administration expenses of $1,188,579 (30 June 2015: $474,491).

Review of operations

<u>Summary</u>

On 13 May 2015 the Company entered into an implementation agreement with Dimerix Bioscience Pty Ltd to acquire 100% of Dimerix Bioscience Pty Ltd ("Acquisition"). At the General Meeting held on 30 June 2015 the shareholders passed a resolution approving the Acquisition of Dimerix Bioscience Pty Ltd and change of control of the Company.
On the 3 July 2015 the Company successfully completed the acquisition and in accordance with the Implementation Agreement, the Company issued:

- 750,000,041 shares in Dimerix Limited;
- 75,000,040 Class A Performance shares (which converted into 75,000,040 ordinary shares following 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);
- 75,000,040 Class B Performance shares (which converted into 75,000,040 ordinary shares upon the Board making an investment 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);
- 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); and
- 30,851,594 Management Options to past and present employees and Consultants of Dimerix Bioscience Pty Ltd exercisable at $0.02 on or before 30 June 2017.

Following the completion of the Acquisition, on 3 July 2015, Mr Evan Cross and Mr Peter Webse resigned as directors and Dr Sonia Poli was appointed as Non-Executive Director. Mr Howard Digby stepped down as Chairman and remained a Non-Executive Director and Dr James William was appointed Executive Chairman.

On 23 November 2015, Mr Howard Digby and Dr Anton Uvarov resigned as directors of Dimerix and Mr David Franklyn was appointed Non-Executive Director. The Company Secretary, Mr Peter Webse also resigned and was replaced by Mr Ian Hobson.

At the General Meeting held on 26 November 2015, the shareholders approved the Company name change from Sun Biomedical Limited to Dimerix Limited, with the associated change of ASX code from SBN to DXB.

On 17 December 2015, Dr Liz Jazwinska was appointed as Non- Executive Director.

On 19 February 2016, the Company 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 triggers 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 converted to 75,000,040 ordinary shares.

On 28 April 2016, the Company 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 converted to 75,000,040 ordinary shares.

Overview of Group strategy

The acquisition of Dimerix Biosciences Limited into the group has resulted in the significant shift of corporate focus to 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. The Group 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 combines two existing drugs, irbesartan and propagermanium. 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.

During the year, the Group initiated the DMX-200 trial at three public hospitals and one private nephology practice in Melbourne, Australia.

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.

The Group expects to carry out an interim analysis during Part A of the study to review the safety of the therapy and observe any biomarker changes. It is expected interim data will be available during 2016.

The Group expects to review the design of Part B in consultation with the US Food and Drug Administration (FDA) and in light of all data available to the Group, prior to commencement of Part B. These discussions will be in line with the Group's strategy of pursuing registration for an orphan indication in which the sufferers exhibit chronic kidney disease.

The first patient in the DMX-200 trial was dosed in September 2015, with two patients on trial at the end of the half year. The trial sites are continuing to screen patients for potential enrolment in the study. The Group is actively monitoring recruitment, and may expand the study into other jurisdictions to meet recruitment targets and regulatory goals.

In December 2015, Dimerix announced that it had received Orphan Designation from the US Food and Drug Administration (FDA) for propagermanium and irbesartan, the constituent parts of DMX-200, for the treatment of focal segmental glomerulosclerosis (FSGS).

On the 29th June 2016, Dimerix attended a pre Investigational New Drug meeting with the US FDA to discuss the development of DMX-200 for the treatment of FSGS.

Financial position

	Consolidated Year ended 30 June 2016 $	**Company Year ended 30 June 2015** $
Cash and cash equivalents	2,018,717	486,864
Net assets / total equity	2,242,575	655,784
Contributed equity	10,920,070	4,378,510
Accumulated losses	(8,977,201)	(3,722,726)

The 2015 comparable figures are those of Dimerix Bioscience Pty Ltd (see note 3.2). The increase in cash and cash equivalents, net assets, contributed equity and accumulated losses was largely the result of the reverse acquisition (*refer to note 23 for more information*).

The directors believe the Group is in a strong and stable financial position to expand and grow its current operations.

Significant changes in state of affairs

During the year, the Company completed the acquisition of 100% of Dimerix Bioscience Pty Ltd a public unlisted clinical stage drug discovery and development company, based in Melbourne. There were significant Board changes during the year under review.

Events after the reporting period

There has not been any matter or circumstance that has arisen subsequent to the end of the financial 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.

Future developments, prospects and business strategies

Part A of the current Phase II open label trial aims to recruit up to 30 patients at four sites across Melbourne with the aim of demonstrating safety and reduction of proteinuria in patients with CKD. Proteinuria is common in CKD patients and is a strong independent risk factor for disease progression. Reducing proteinuria reduces the risk of CKD progression and its consequences of progressive loss of renal function leading to renal failure, and the development and progression of cardiovascular disease.

Patients in the study are already being prescribed irbesartan and, as part of the trial protocol, commence on a dose of 30mg of propagermanium per day. The Investigators review the patients at four week intervals, and escalate the patients' dose to 60, 90, 150 and 240mg per day over each four week period. The supply of propagermanium to patients following their participation in the trial can be approved under the Australian TGA's Special Access Scheme. The first two patients to complete Part A of the DMX-200 Phase II trial are continuing to access propagermanium under this Special Access Scheme. Dimerix aims to provide an interim data analysis based on 10-15 patients in the trial before the end of the third quarter of 2016.

Environmental issues

The Group's operations are not subject to significant environmental regulation under the Australian Commonwealth or State Law.

Remuneration report (audited)

This remuneration, which forms part of the directors' report, sets out information about the remuneration of Dimerix Limited's key management personnel for the financial year ended 30 June 2016. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. The prescribed details for each person covered by this report are detailed below under the following headings:

- key management personnel
- remuneration policy
- relationship between the remuneration policy and Group performance
- remuneration of key management personnel
- key terms of employment contracts.

Key management personnel

The directors and other key management personnel of the Group during the financial year were:

Non-executive directors	Position
Mr David Franklyn (appointed 23 November 2015)	Non-executive director
Dr Liz Jazwinska (appointed 17 December 2015)	Non-executive director
Dr Sonia Maria Poli (appointed 3 July 2015)	Non-executive director
Mr Howard Digby* (resigned 23 November 2015)	Non-executive director
Mr Evan Cross (resigned 3 July 2015)	Non-executive director
Mr Peter Webse (resigned 3 July 2015)	Non-executive director

Executive directors	Position
Mr James Williams (appointed 3 July 2015)	Executive Chairman
Dr Anton Uvarov (resigned 23 November 2015)	Executive director

Executive Employees	Position
Kathy Harrison	General Manager

* Mr Howard Digby reverted to a non-executive director role, effective 3 July 2015 (refer to ASX announcement dated 13 May 2015).

Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year.

Remuneration policy

The board of directors of the Group is currently responsible for determining and reviewing compensation arrangements for key management personnel. The Group does not currently operate a Remuneration Committee. The remuneration policy, which is set out below, is designed to promote superior performance and long-term commitment to the Group.

Non-executive director remuneration

Non-executive directors are remunerated by way of fees, in the form of cash, non-cash benefits, superannuation contributions or salary sacrifice into equity and do not normally participate in schemes designed for the remuneration of executives.

Shareholders approval must be obtained in relation to the overall limit set for the non-executive directors' fees. The maximum aggregate remuneration approved by shareholders for non-executive directors is $250,000 per annum. The directors set the individual non-executive director fees within the limit approved by shareholders. Non-executive directors are not provided with retirement benefits.

Executive director remuneration

Executive directors receive a base remuneration which is at market rates, and may be entitled to performance based remuneration, which is determined on an annual basis. Overall remuneration policies are subject to the discretion of the board and can be changed to reflect competitive and business conditions where it is in the interests of the Group and shareholders to do so. Executive remuneration and other terms of employment are reviewed annually by the board having regard to the performance, relevant comparative information and expert advice.

The board's remuneration policy reflects its obligation to align executive remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Group. The main principles are:

(a) remuneration reflects the competitive market in which the Group operates;
(b) individual remuneration should be linked to performance criteria if appropriate; and
(c) executives should be rewarded for both financial and non-financial performance.

The total remuneration of executives consists of the following:

(a) salary – executives receive a fixed sum payable monthly in cash plus superannuation at 9.5% of salary;
(b) cash at risk component – executives may participate in share and option schemes generally made in accordance with thresholds set in plans approved by shareholders if deemed appropriate. However, the board considers it appropriate to issue shares and options to executives outside of approved schemes in exceptional circumstances;
(c) other benefits – executives may, if deemed appropriate by the board, be provided with a fully expensed mobile phone and other forms of remuneration; and
(d) performance bonus.

The board has not formally engaged the services of a remuneration consultant to provide recommendations when setting the remuneration received by directors or other key management personnel during the financial year.

Relationship between the remuneration policy and Group performance

The board considers that at this time, evaluation of the Group's financial performance using generally accepted measures such as profitability, total shareholder return or per Group comparison are not relevant as the Group is at an early stages of the DMX-200 Phase II trial which is continuing as outlined in the directors' report.

Remuneration of key management personnel

2016	Short-term employee benefits		Post-employment benefits	Share-based payment	
	Salary & fees $	Other[7] $	Superannuation $	Options $	Total $
Non-executive directors					
Sonia Poli[1]	60,000	-	-	7,828	67,828
David Franklyn[2]	24,187	-	2,298	7,828	34,313
Liz Jazwinska[3]	39,315	-	-	-	39,315
Howard Digby[4,5]	18,750	8,196	-	-	26,946
Evan Cross[6]	-	-	-	-	-
Peter Webse[6]	-	-	-	-	-
Executive directors					
James Williams[3]	100,000	-	9,500	39,141	148,641
Anton Uvarov[5]	21,918	10,070	3,039	-	35,027
General Manager	-	-	-	-	-
Kathy Harrison	207,916	8,942	16,427	7,828	241,113
Total	**472,086**	**27,208**	**31,264**	**62,625**	**593,183**

[1] Appointed 3 July 2015
[2] Appointed 23 November 2015
[3] Appointed 17 December 2015
[4] Reverted to non-executive director on 3 July 2015
[5] Resigned 23 November 2015
[6] Resigned 3 July 2015
[7] Other comprises annual leave expense for the year

This schedule represents remuneration of the legal parent for the year ended 30 June 2016 and the legal subsidiary's key management personnel since acquisition on 3 July 2015.

2015 – legal parent	Short-term employee benefits		Post-employment benefits	Share-based payment	
	Salary & fees $	Other $	Superannuation $	Options $	Total $
Non-executive directors					
Evan Cross[1]	36,000	-	-	-	36,000
Peter Webse[1,2]	36,000	63,750	-	-	99,750
Executive directors					
Howard Digby[3]	54,795	-	5,205	-	60,000
Anton Uvarov	54,795	-	5,205	-	60,000
Total	**181,590**	**63,750**	**10,410**	**-**	**255,750**

[1] Resigned 3 July 2015
[2] The amount of $63,750 in 'Other' represents company secretarial fees of $4,000 per month and an amount of $7,000 for additional company secretary work outside the scope of the consultancy agreement with Platinum Corporate Secretariat Pty Ltd (Platinum). Also included in 'Other' is an amount of $8,750 accrued as at 30 June 2015 for additional company secretary work. The amount of $8,750 was paid subsequent to year end. Mr Webse is the sole director of Platinum.
[3] Reverted to non-executive director on 3 July 2015

No key management personnel appointed during the year received a payment as part of his or her consideration for agreeing to hold the position.

Bonuses and share-based payments granted as compensation for the current financial year

Bonuses
Kathy Harrison achieved the milestones for a bonus of $35,000 during the financial year (2015: nil) which forms part of salary and fees.

Incentive share-based payments arrangements
During the financial year, the following share-based payment arrangements were in existence:

Option series	Grant date	Expiry date	Grant date fair value	Vesting date
1	22 January 2013	31 December 2017	$0.0076	Vested at date of grant
2	3 July 2015	30 June 2017	$0.0036	Vested at date of grant

There has been no alteration of the terms and conditions of the above share-based payment arrangements since the grant date.

Share options issued to key management personnel as remuneration during the year are set out in the following table (2015: nil). No share options were exercised by key management personnel during the year (2015: nil).

2016	Balance at 1 July No.	Granted as compensation No.	Exercised	Net other change No.	Balance at 30 June No.
James Williams	-	10,762,183	-	-	10,762,183
Sonia Poli	-	2,152,437	-	-	2,152,437
David Franklyn	-	2,152,437	-	-	2,152,437
Kathy Harrison	-	2,152,437	-		2,152,437
Total	**-**	**17,219,494**	**-**	**-**	**17,219,494**

No Performance shares were issued to key management personnel as remuneration during the year (2015: nil).
150,000,080 performance shares issued as part of the consideration for the acquisition of Dimerix Bioscience Pty Ltd were converted to ordinary shares during the year (2015: nil).

Key terms of employment contracts
On 3 July 2015, Dr James Williams was appointed Executive Chairman and his remuneration and other terms of appointment were formalised in a letter of appointment, the key terms and conditions of which are:

- Term of agreement – 12 months commencing 3 July 2015 (casual basis) and monthly thereafter until terminated by the Company.
- After the initial term of the agreement employment may be terminated by either party giving one month's notice.
- Remuneration will be $109,500 per annum inclusive of statutory superannuation.

On 3 July 2015, Dr Sonia Poli was appointed as Non-Executive Director and her remuneration and other terms of appointment were formalised in a letter of appointment, the key terms and conditions of which are:

- Term of agreement – monthly until termination by the Company or until the next AGM.
- No entitlement to any compensation or damage or payment of any further director's fees for

any period after termination
- No entitlement to any compensation or damage or payment of any further director’s fees for any period after termination.
- Remuneration will be $45,000 per annum (plus GST if applicable).

Dimerix Bioscience Pty Ltd entered into a consulting agreement with Dr Poli on 1 April 2016 to provide additional consulting services at the rate of $5,000 per month for four months.

On 23 November 2015 Mr David Franklyn was appointed as Non-Executive Director and the terms of the appointments were formalised in a letter of appointment with the following key terms and conditions:
- Term of agreement – monthly until termination by the Company or until the next AGM in 2016.
- No entitlement to any compensation or damage or payment of any further director’s fees for any period after termination.
- Remuneration will be $45,000 per annum.

On 17 December 2015 Dr Liz Jazwinska was appointed as Non-Executive Director and the terms of the appointment were formalised in a letter of appointment with the following key terms and conditions:
- Term of agreement – monthly until termination by the Company or until the next AGM in 2016.
- No entitlement to any compensation or damage or payment of any further director’s fees for any period after termination.
- Remuneration will be $45,000 per annum.

Dimerix Bioscience Pty Ltd entered into a consulting agreement with Dr Jazwinksa on 1 April 2016 to provide additional consulting services at the rate of $5,000 per month for four months.

Ms Kathy Harrison was appointed as General Manager of Dimerix Bioscience Pty Ltd on 25 March 2014 with the following key terms and conditions
- Term of agreement – employment may be terminated by either party giving one month’s notice.
- Remuneration will be $175,000 per annum plus superannuation.
- Performance bonus of up to 20% of base salary ($35,000) with capacity for additional 5% for over performance.

On 23 November 2015 Mr Howard Digby resigned as Non-Executive Director. On 3 July 2015, Mr Digby reverted to Non-Executive Director (formerly Executive Chairman) and his remuneration and other terms of appointment were formalised in a letter of appointment, the key terms and conditions of which are:
- Term of agreement – monthly until termination by the Company.
- No entitlement to any compensation or damage or payment of any further director’s fees for any period after termination.
- Remuneration will be $45,000 per annum (plus GST if applicable).

On 23 November 2015 Dr Anton Uvarov’s resigned as Non-Executive Director and his remuneration and other terms of appointment were formalised in an executive service agreement (dated 20 November 2013), the key terms and conditions of which are:
- Term of agreement – monthly until termination by the Company.
- Payment of termination benefits on early termination by the employer, other than gross misconduct and other specified events, equal to two week’s base salary or two weeks’ notice.
- Remuneration will be $60,000 per annum inclusive of statutory superannuation.

On appointment to the board, all non-executive directors are required to sign a letter of appointment with the Company. The letter of appointment summarises the board policies and terms, including compensation relevant to the office or director.

On 24 November 2015, Mr Ian Hobson was appointed as company secretary. His services are provided through Churchill Services Pty Ltd ("Churchill Services"). Churchill Services is paid a fee of $200/Hr for the provision of company secretarial services.

On 24 November 2015, Mr Peter Webse's services resigned as company secretary. His services had been provided through Platinum Corporate Secretariat Pty Ltd ("Platinum Corporate"). The agreement with Platinum Corporate commenced 1 February 2013. Platinum Corporate was paid a fee of $5,000 per month (excluding GST) for the provision of company secretarial services. Services, if any, outside the scope of the engagement were charged at a rate of $250 per hour as agreed from time to time. The agreement was subject to two (2) months' notice of termination.

Key management personnel equity holdings
Fully paid ordinary shares of Dimerix Limited

2016	Balance at 1 July	Granted as compensation	Received on exercise of options/ performance shares	Net other change	Balance on Resignation	Balance at 30 June
	No.	No.	No.	No.		No.
James Williams[1]	-	-	4,840,566	24,202,816	-	29,043,382
Sonia Poli[1]	-	-	-	-	-	-
David Franklyn[2]	-	-	551,908	2,759,535	-	3,311,443
Liz Jazwinska[3]	-	-	-	-	-	-
Howard Digby[4]	3,000,000	-	-		(3,000,0000)	-
Anton Uvarov[4]	1,500,000	-	-	2,549,810	(4,049,810)	-
Evan Cross[5]	27,550,462	-	-		(27,550,462)	-
Peter Webse[5]	1,450,000	-	-		(1,450,000)	-

2015 – Legal Parent	Balance at 1 July	Granted as compensation	Received on exercise of options/ performance shares	Net other change	Balance at 30 June
	No.	No.	No.	No.	No.
Howard Digby[4]	3,000,000	-	-	-	3,000,000
Anton Uvarov[4]	-	-	-	1,500,000	1,500,000
Evan Cross[5]	27,550,462	-	-	-	27,550,462
Peter Webse[5]	1,450,000	-	-	-	1,450,000

[1] Appointed 3 July 2015
[2] Appointed 23 November 2015
[3] Appointed 17 December 2015
[4]Resigned 24 November 2015
[5]Resigned 3 July 2015.

Share options of Dimerix Limited

2016	Balance at 1 July No.	Granted as compens-ation No.	Exercised No.	Balance on resignation No.	Balance at 30 June No.	Balance vested at 30 June No.	Vested and exercisable No.	Options vested during year No.
James Williams[1]	-	10,762,183	-	-	10,762,183	10,762,183	10,762,183	10,762,183
Sonia Poli[1]	-	2,152,437	-	-	2,152,437	2,152,437	2,152,437	2,152,437
David Franklyn[2]	-	2,152,437	-	-	2,152,437	2,152,437	2,152,437	2,152,437
Liz Jazwinska[3]	-	-	-	-	-	-	-	-
Howard Digby[4]	-	-	-	-	-	-	-	-
Anton Uvarov[4]	-	-	-	-	-	-	-	-
Evan Cross[5]	-	-	-	-	-	-	-	-
Peter Webse[5]	-	-	-	-	-	-	-	-
Kathy Harrison	-	2,152,437	-	-	2,152,437	2,152,437	2,152,437	2,152,437

2015	Balance at 1 July No.	Granted as compens-ation No.	Exercised No.	Balance on resignation No.	Balance at 30 June No.	Balance vested at 30 June No.	Vested and exercisable No.	Options vested during year No.
Howard Digby	-	-	-	-	-	-	-	-
Anton Uvarov[1]	-	-	-	-	-	-	-	-
Evan Cross	-	-	-	-	-	-	-	-
Peter Webse	-	-	-	-	-	- -	-	-

[1] Appointed 3 July 2015
[2] Appointed 23 November 2015
[3] Appointed 17 December 2015
[4] Resigned 23 November 2015
[5] Resigned 3 July 2015.

Key management personnel equity holdings

Performance shares of Dimerix Limited

2016	Balance at 1 July No.	Granted as compensation No.	Net other change No.	Conversion to fully paid ordinary shares No.	Balance on Resignation	Balance at 30 June No.
James Williams[1]	-	-	7,260,849	(4,840,566)	-	2,420,283
Sonia Poli[1]	-	-	-	-	-	-
David Franklyn[2]	-	-	827,862	(551,908)	-	275,954
Liz Jazwinska[3]	-	-	-	-	-	-
Howard Digby[4]	-	-	-		-	-
Anton Uvarov[4]	-	-	-		-	-
Evan Cross[5]	-	-	-		-	-
Peter Webse[5]	-	-	-		-	-

2015	Balance at 1 July No.	Granted as compensation No.	Conversion to ordinary shares No.	Net other change No.	Balance at 30 June No.
Howard Digby[4]	-	-	-	-	-
Anton Uvarov[4]	-	-	-	-	-
Evan Cross[5]	-	-	-	-	-
Peter Webse[5]	-	-	-	-	-

[1] Appointed 3 July 2015
[2] Appointed 23 November 2015
[3] Appointed 17 December 2015
[4]Resigned 23 November 2015
[5]Resigned 3 July 2015.

This directors' report, incorporating the remuneration report, is signed in accordance with a resolution made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the directors

Dr James Williams

Chairman

Perth, 24 August 2016

Stantons International Audit and Consulting Pty Ltd
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24 August 2016

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 audit of the financial statements of Dimerix Limited for the year ended 30 June 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 audit; and

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

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

Samir Tirodkar
Director

Stantons International Audit and Consulting Pty Ltd
trading as
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIMERIX LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Dimerix Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 3.1, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

(a) the financial report of Dimerix Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

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

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 3.1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 8 to 15 of the directors' report for the year ended 30 June 2016. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Opinion
In our opinion the remuneration report of Dimerix Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001.*

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

Stantons International

Samir Tirodkar
Director

West Perth, Western Australia
24 August 2016

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;

(b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 3 to the financial statements;

(c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Consolidated entity; and

(d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the directors

Dr James Williams
Chairman
24 August 2016

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2016

	Note	Consolidated	Company
		Year ended	
		30 June 2016	30 June 2015
		$	$
Continuing operations			
Revenue	6	45,311	15,068
Other income	7	564,961	222,985
Research and development expenses		(589,075)	(252,859)
Business development expenses		-	(35,776)
Corporate restructure expense	23	(3,971,811)	-
Loss on sale of fixed assets		(3,077)	-
Share based payments	19	(112,205)	-
Corporate administration expenses	8	(1,188,579)	(474,491)
Loss before income tax		**(5,254,475)**	**(525,073)**
Income tax expense	9	-	-
Loss for the year from continuing operations		**(5,254,475)**	**(525,073)**
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the year, net of income tax		**-**	**-**
Total comprehensive loss for the year		**(5,254,475)**	**(525,073)**
Loss attributable to:			
Owners of Dimerix Limited		**(5,254,475)**	**(525,073)**
Total comprehensive loss attributable to:			
Owners of Dimerix Limited		**(5,254,475)**	**(525,073)**
Loss per share:			
Basic and diluted (cents per share)	10	(0.387)	(0.07)

Notes to the financial statements are included on pages 24 to 53.

Consolidated statement of financial position as at 30 June 2016

	Note	Consolidated 30 June 2016 $	Company 30 June 2015 $
Current assets			
Cash and cash equivalents	22	2,018,716	486,864
Trade and other receivables	11	504,375	207,816
Total current assets		**2,523,091**	**694,680**
Non-current assets			
Property, plant and equipment	12	2,209	1,847
Total non-current assets		**2,209**	**1,847**
Total assets		**2,525,300**	**696,527**
Current liabilities			
Trade and other payables	13	264,552	31,513
Provisions	14	18,173	9,230
Total current liabilities		**282,725**	**40,743**
Total liabilities		**282,725**	**40,743**
Net assets		**2,242,575**	**655,784**
Equity			
Issued capital	16	10,920,070	4,378,510
Reserves	17	299,706	-
Accumulated losses		(8,977,201)	(3,722,726)
Total equity		**2,242,575**	**655,784**

Notes to the financial statements are included on pages 24 to 53.

Consolidated statement of changes in equity for the year ended 30 June 2016

Company	Issued Capital $	Reserves $	Accumulated losses $	Total $
Balance at 1 July 2014	**4,297,215**	**-**	**(3,197,653)**	**1,099,562**
Loss for the year	-	-	(525,073)	(525,073)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	**-**	-	**(525,073)**	**(525,073)**
Refund of share issue costs	81,295	-	-	81,295
Balance at 30 June 2015	**4,378,510**	**-**	**(3,722,726)**	**655,784**
Consolidated				
Balance at 1 July 2015	**4,378,510**	**-**	**(3,722,726)**	**655,784**
Loss for the year	-	-	(5,254,475)	(5,254,475)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**(5,254,475)**	**(5,254,475)**
Issue of ordinary shares on acquisition	5,736,400	-	-	5,736,400
Share issue costs	(19,840)	-	-	(19,840)
Issue of Performance Shares	-	1,012,501	-	1,012,501
Conversion of Performance Shares	825,000	(825,000)	-	-
Recognition of share based payments	-	112,205	-	112,205
Balance at 30 June 2016	**10,920,070**	**299,706**	**(8,977,201)**	**2,242,575**

Notes to the financial statements are included on pages 24 to 53.

Consolidated statement of cash flows for the year ended 30 June 2016

		Consolidated	Company
		Year ended	
	Note	30 June 2016 $	30 June 2015 $
Cash flows from operating activities			
Research and development rebate received		328,374	140,414
Receipts from grants		6,876	106,546
Payments to suppliers and employees		(1,759,366)	(817,075)
Interest paid		-	(3,503)
Interest received		44,987	15,068
Net cash used in operating activities	22.1	(1,379,129)	(558,550)
Cash flows from investing activities			
Cash and cash equivalents acquired		2,931,305	-
Proceeds from sale of property, plant and equipment		1,500	-
Payments for property, plant and equipment	12	(1,984)	-
Net cash from investing activities		2,930,821	-
Cash flows from financing activities			
Refund/(Payment) for share issue costs		(19,840)	81,295
Net cash (used in)/provided by financing activities		(19,840)	81,295
Net increase / (decrease) in cash and cash equivalents		**1,531,852**	**(477,255)**
Cash and cash equivalents at the beginning of the year		486,864	964,119
Cash and cash equivalents at the end of the year	22	**2,018,716**	**486,864**

Notes to the financial statements are included on pages 24 to 53.

Notes to the financial statements for the year ended 30 June 2016

1. General information

Dimerix Limited ("Dimerix or the Company") and its subsidiary (the "Group or Consolidated Entity") is a listed public company incorporated in Australia. The address of its registered office and principal place of business is disclosed in the corporate directory to the annual report.

The principal activities of the Group are described in the directors' report.

2. Application of new and revised Accounting Standards

2.1 The Group has considered the implications of new and amended Accounting Standards applicable for annual reporting periods beginning after 1 July 2015 but determined that their application to the financial statements is either not relevant or not material.

2.2 *New standards and interpretations not yet adopted*

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- *AASB 9 Financial Instruments* and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018)

  The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

  The directors anticipate that the adoption of AASB 9 will not have a material impact on the Group's financial instruments.

- *AASB 15: Revenue from Contracts with Customers* (applicable to annual reporting periods commencing on or after 1 January 2018).

  When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

  The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

The directors anticipate that the adoption of AASB 15 will not have a material impact on the Group’s revenue recognition and disclosures.

- *AASB 16: Leases* (applicable to annual reporting periods commencing on or after 1 January 2019).

  AASB 16 removes the classification of leases as either operating leases or finance leases for the lessee effectively treating all leases as finance leases. Short term leases (less than 12 months) and leases of a low value are exempt from the lease accounting requirements. Lessor accounting remains similar to current practice.

  Although the directors anticipate that the adoption of AASB 16 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]

  AASB 2014-3 amends AASB 11 *Joint Arrangements* to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require:

  (a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 *Business Combinations*, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11

  (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations

  This Standard also makes an editorial correction to AASB 11.

- AASB 2014-9: Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements (AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted).

  AASB 2014-9 amends AASB 127 *Separate Financial Statements*, and consequentially amends AASB 1 *First-time Adoption of Australian Accounting Standards* and AASB 128 *Investments in Associates and Joint Ventures*, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. AASB 2014-9 also makes editorial corrections to AASB 127.

- *Other standards not yet applicable*

  There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. Significant accounting policies

3.1 Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations and comply with other requirements of the law.

The financial statements comprise the financial statements of the Group. For the purposes of preparing the financial statements, the Group is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ("IFRS").

The financial statements were authorised for issue by the directors on 24 August 2016.

3.2 Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. The financial statements have been prepared on a going concern basis. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Reverse acquisition

Dimerix Limited acquired Dimerix Bioscience Pty Ltd on 3 July 2015. 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 AASB3 “Business Combinations” (AASB 3) 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 Pty Ltd is the accounting acquirer and Dimerix Limited is the legal acquirer. The financial report includes the consolidated financial statements of the Group for the period 1 July 2015 to 30 June 2016 and represents a continuation of Dimerix Bioscience Pty Ltd financial statements with exception of the capital structure. The amount recognised as equity instruments in these consolidated statements represents the issued equity of Dimerix Limited adjusted to reflect the equity issued by Dimerix Limited on acquisition. Refer to note 16 on issued capital and note 23 on the accounting for the acquisition. The comparable figures are those of Dimerix Bioscience Pty Ltd.

Under the reverse acquisition principles, the consideration provided by Dimerix Bioscience Pty Ltd was determined to be $6,748,901, which is the deemed fair value of the 573,640,008 shares owned by the former Sun Biomedical Limited shareholders at the completion of the acquisition and the performance shares issued to Dimerix Bioscience Pty Ltd shareholders as consideration. The net assets of Dimerix Ltd were recorded at fair value at the completion of the acquisition and no adjustments were required to the historical book values.

The excess of the deemed 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.

3.3 Business combinations

Acquisitions of business are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity instruments issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 ‘Income Taxes’ and AASB 119 ‘Employee Benefits’ respectively.
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 ‘Share-based Payment’ at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 ‘Non-current Assets Held for Sale and Discontinued Operations’ are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Where the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

3.4 Going concern basis

The financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

For the year ended 30 June 2016 the Group incurred a loss after tax of $5,254,475 (2015: $525,073) and a net cash outflow from operations of $1,379,129 (2015: $558,550). At 30 June 2016, the Group had current assets of $2,523,091 (2015: $694,680), current liabilities of $282,725 (2015: $40,743) and current cash holding was $2,018,716. The Group does not have any forthcoming material expenditure commitments in the relevant period.

The directors have reviewed the business outlook and cash flow forecasts and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will continue to raise further funds and meet its expenditure commitments as required.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

3.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business (see 3.3 above) less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

<u>Interest income</u>
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

<u>Research and Development Incentive</u>
These are accounted on an accrual basis once it is probable that it will be received.

3.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.8 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3.9 Employee benefits

Short-term and long-term employee benefits
A liability is recognised for benefits accrued to employees in respect of wages and salaries and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

3.10 Share-based payments arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 19.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

3.11 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.11.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.11.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.11.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.12 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

3.13 Intangible assets

3.13.1 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.13.2 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

3.14 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.16 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.16.1 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3.16.1.1 <u>Financial assets at FVTPL</u>

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

3.16.1.2 <u>Loans and receivables</u>

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

3.16.1.3 <u>Impairment of financial assets</u>

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets that are carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial asset that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised

In respect of AFS securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve.

3.16.1.4 Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3.16.2 Financial liabilities and equity instruments

3.16.2.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

3.16.2.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group of entity are recognised at the proceeds received, net of direct issue costs.

3.16.2.3 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

3.16.2.4 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item.

3.16.2.5 Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.16.2.6 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.17 Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

3.18 Comparative amounts

When current period balances have been classified differently within current period disclosures when compared to prior periods, comparative disclosures have been restated to ensure consistency of presentation between periods.

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period on which the estimate is revised if the revision affects only that period, or in the period in the revision and future periods if the revision affects both current and future periods.

In preparing these financial statements, the significant judgements were made by management in applying the Group's accounting policies and the key sources of estimation uncertainty have been applied to the Business combination refer to note 23.

4.1 *Other Key sources of estimation uncertainty*

- Valuation of Performance Shares issued on acquisition of subsidiary which impact on the corporate restructure expense
- Valuation of share options issued to management, staff and consultants
- Determination of expenses eligible for research and development rebate

5 Segment information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity 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. Following the acquisition of Dimerix Bioscience Pty Ltd the Group identified two business segments and one geographical segment. The business segments are:

- 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).

Segment information

The following table presents revenue and profit information and asset and liability information regarding the business segments for the year ended 30 June 2016:

June 2016	**Segment 1**	**Segment 2**	**Corporate Restructure Expense**	**Consolidated**
	$	$	$	$
Revenue				
Revenue	40,603	4,708	-	45,311
Other income	123,872	441,089	-	564,961
Total segment revenue	**164 ,475**	**445,797**	**-**	**610,272**
Operating expenses	(732,841)	(1,160,095)	(3,971,811)	(5,864,747)
Segment net operating loss before taxation	(568,366)	(714,298)	(3,971,811)	(5,254,475)
Segment assets				
Cash and cash equivalents	1,782,753	235,963	-	2,018,716
Trade and other receivables	46,107	458,2678	-	504,375
Plant and equipment	-	2,209	-	2,209
Total segment assets	**1,828,860**	**696,440**	**-**	**2,525,300**
Segment liabilities				
Trade and other payables	68,777	195,775	-	264,552
Provisions	-	18,173	-	18,173
Total segment liabilities	**68,777**	**213,948**		**282,725**

For the period 1 July 2014 to 30 June 2015 the Group's operating segments did not meet the prescribed quantitative thresholds and as such did not have to report segments separately. The Group aggregated all its reporting segments into one reportable operating segment. The revenue and results of this segment are those of the Dimerix Bioscience Pty Ltd as a whole and are set out in the statement of profit or loss and other comprehensive income. The segment assets and liabilities are those of Dimerix Bioscience Pty Ltd at 30 June 2015.

June 2015	Company
	$
Revenue	
Revenue	222,985
Other income	15,068
Total segment revenue	**238,053**
Operating expenses	(763,126)
Segment net operating loss before taxation	(525,073)
Segment assets	
Cash and cash equivalents	486,864
Trade and other receivables	207,816
Plant and equipment	1,847
Total segment assets	**696,527**
Segment liabilities	
Trade and other payables	31,513
Provisions	9,230
Total segment liabilities	**40,743**

6. Revenue

	Consolidated	Company
	2016	2015
	$	$
Interest received	45,311	15,068

7. Other income

	Consolidated	Company
	2016	2015
	$	$
Research and development rebate	562,961	196,650
Contract research	-	24,489
Grant income	2,000	1,846
	564,961	222,985

8. Loss for the year

	Consolidated	Company
Loss for the year has been arrived at after charging the following items of expenses:	**2016**	**2015**
	$	$
Corporate administration expenses		
Company secretary fees	69,670	17,900
Directors remuneration	249,034	80,002
Legal and professional fees	8,995	30,639
Share registry fees	11,695	-
Insurance expenses	35,448	14,606
Other administration expenses	813,737	331,344
	1,188,579	474,491

9. Income taxes relating to continuing operations

9.1 Income tax recognised in profit or loss

	Consolidated	Company
	2016	**2015**
	$	$
Current tax expense/(income)	(297,843)	(100,155)
Deferred tax expense/(income)	71,556	24,228
Tax losses not recognised	226,287	75,927
Total Tax expense/(income)	-	-

The income tax expense for the year can be reconciled to the accounting loss as follows:

	Consolidated	Company
	2016	**2015**
	$	$
Loss before tax from continuing operations	(5,254,475)	(525,073)
Income tax expense/(revenue) calculated at 30% (2015: 30%)	1,576,343	157,522
Effect of items that are not assessable/deductible in determining taxable loss:		
Non-deductible expenses	(1,518,944)	(140,590)
Non-assessable income	168,888	58,995
Effect of unused tax losses not recognised as deferred tax assets	(226,287)	(75,927)
	-	-

The tax rate used for the 2016 and 2015 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

The Company has no franking credits available for recovery in future years.

9.2	*Income tax recognised directly in equity*	Consolidated 2016 $	Company 2015 $
	Current tax		
	Share issue costs	63,503	36,750
	Deferred tax		
	Share issue costs deductible over 5 years	4,762	110,251
		-	-

9.3	*Unrecognised deferred tax assets*	Consolidated 2016 $	Company 2015 $
	Unused tax losses (revenue) for which no deferred tax assets have been recognised	2,426,521	345,210
	Temporary differences	185,885	152,385

All unused tax losses were incurred by Australian entities.

This benefit for tax losses will only be obtained if the specific entity carrying forward the tax losses derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and the Group complies with the conditions for deductibility imposed by tax legislation.

10. Loss per share

	Consolidated 2016	Company 2015
Basic and diluted loss per share (cents per share)	(0.387)	(0.07)

10.1 Basic and diluted loss per share

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

	Consolidated 2016 $	Company 2015 $
Loss for the year attributable to owners of the Company	(5,254,475)	(525,073)

	2016 No.	2015 No.
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	1,359,964,139	750,000,041

11. Trade and other receivables

	Consolidated 2016 $	Company 2015 $
Other receivables	459,467	196,866
Prepayments	44,908	10,950
	504,375	207,816

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

12. Property, plant and equipment

	Consolidated 2016 $	Company 2015 $
Carrying amounts of		
Computer Equipment	**2,209**	**1,847**

Cost or valuation	Consolidated 2016 $	Company 2015 $
Balance at 1 July 2015	3,152	3,152
Additions	7,866	-
Disposals	(6,335)	-
Balance at 30 June 2016	**4,683**	**3,152**

Accumulated depreciation	Consolidated 2016 $	Company 2015 $
Balance at 1 July 2015	1,305	265
Accumulated depreciation acquired through the Acquisition	1,018	-
Depreciation expense	1,909	1,040
Disposals	(1,758)	-
Balance at 30 June 2016	2,474	1,305
Net book value	**2,209**	**1,847**

13. Trade and other payables

	Consolidated 2016 $	Company 2015 $
Trade creditors	133,273	16,342
Accruals and other payables	131,279	15,171
	264,552	31,513

Trade creditor payment terms are 30 days from end of month.

14. Provisions

	Consolidated 2016 $	Company 2015 $
Provision for employee entitlements	18,173	9,230

15. Subsidiaries

		2016	2015
Dimerix Bioscience Pty Ltd*	Australia	100%	-

On 3 July 2015 the Company concluded the acquisition of Dimerix Bioscience Pty Ltd refer to note 23.

16. Issued capital

	2016 $	2015 $
1,473,640,129 fully paid ordinary shares (2015: 67,946,250 shares)	**10,920,070**	**4,378,510**

	Consolidated 30 June 2016		Company 30 June 2015	
	No.	$	No.	$
Balance at beginning of the balance period	67,946,250	4,378,510	67,946,250	4,297,215
Merger of Dimerix Ltd and Dimerix Bioscience Ltd				
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		
Capital raising costs/(refund)	-	(19,840)	-	81,295
Balance at end of the end of the year	**1,473,640,129**	**10,920,070**	**67,946,250**	**4,378,510**

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

17. Reserves

	Consolidated 2016 $	Company 2015 $
Performance shares reserve	187,501	-
Share based payment reserve	112,205	-
Total reserves at end of year	299,706	-

Performance share reserve

On acquisition of Dimerix Bioscience Pty Ltd, performance shares were issued to the Vendors or their nominees refer note 23. Each performance share is convertible into 1 ordinary share. The Directors 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%

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 triggers 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 converted to 75,000,040 ordinary shares.

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 converted to 75,000,040 ordinary shares.

Performance share reserve movement	**Consolidated**	**Company**
	2016	**2015**
	$	**$**
Balance at beginning of the balance period	-	-
Issue of performance shares on acquisition of Dimerix Bioscience Pty Ltd	1,012,501	-
Conversion to ordinary shares	(825,000)	-
Balance at end of the end of the balance period	187,501	-

	Consolidated	**Company**
	2016	**2015**
Share-based payments Reserve	$	$
Balance at beginning of year	-	-
Arising on share-based payments	112,205	-
Balance at end of year	112,205	-

Further information about share-based payments is set out in note 19.

18. Financial instruments

18.1 Capital management

The Group manages its capital to ensure entities in the Group will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group’s overall strategy remains unchanged from 2015.

The Group is not subject to any externally imposed capital requirements.

Given the nature of the business, the Group monitors capital on the basis of current business operations and cash flow requirements.

18.2. ***Categories of financial instruments***

	Consolidated	Company
	2016	**2015**
Financial assets	$	$
Cash and cash equivalents	2,018,716	486,864
Trade and other receivables	459,467	196,867
	2,478,183	683,731
Financial liabilities		
Trade and other payables	264,552	31,513
	264,552	31,513

The fair value of the above financial instruments approximates their carrying values.

18.3 Financial risk management objectives

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of those risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the Group where such impacts may be material. The board receives monthly financial reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

18.4 Market risk

Market risk for the Group arises from the use of interest bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rate (see 18.5 below).

18.5 Interest rate risk management

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end on the reporting period.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end on the reporting period.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 30 June 2016 would increase/decrease by $20,187 (2015: $4,869).

18.6 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

18.7 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity by maintaining adequate banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

		Contractual cash flows				
	Carrying Amount	**Less than 1 month**	**1-3 months**	**3-12 months**	**1 year to 5 years**	**Total contractual cash flows**
	$	**$**	**$**	**$**	**$**	**$**
2016						
Trade and other payables	264,552	264,552	-	-	-	264,552
2015						
Trade and other payables	31,513	31,513	-	-	-	31,513

19. Share-based payments

19.1 Employee share option plan

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.

30,851,594 were issued to employees during the financial year (2015: nil.)

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.

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.

30,851,594 options were granted to Dimerix Bioscience Pty Ltd employees and consultants pursuant to the acquisition of Dimerix Bioscience Pty Ltd. 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

19.2 Options on Issue

The following share-based payment arrangements were in existence during and prior reporting periods:

Option series	Number	Grant date	Grant date fair value	Exercise price	Expiry date	Vesting date
			$	$		
1	20,857,143	22/01/2013	0.0076	0.007	31/12/2017	At grant date
2	30,851,594	03/07/2015	0.0036	0.02	30/06/2017	At grant date
3	60,000,000	03/07/2015	0.0001	0.01	30/06/2017	At grant date

There has been no alteration of the terms and conditions of the above share-based payment arrangements since the grant date.

19.2 Fair value of share options granted in the year

The deemed fair value of options granted to employees during the year is $112,205 (2015: nil).

19.3 Movements in share options during the year

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

	2016		2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	No.	$	No.	$
Balance at beginning of the year	20,857,143	0.0076	20,857,143	0.0076
Granted during the year	90,851,594	0.0134	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Balance at end of year	**111,708,737**	**0.0123**	**20,857,143**	**0.0076**
Exercisable at end of year	**111,708,737**	**0.0123**	**20,857,143**	**0.0076**

19.4 Share options exercised during the year

No share options were exercised during the year (2015: nil).

19.5 Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of $0.0123 and a weighted average remaining contractual life of 386 days (2015: 915 days).

20. Key management personnel

The aggregate compensation made to directors and other members of key management personnel of the Company is set out below:

	Consolidated	Company
	2016	2015
	$	$
Short-term employee benefits	499,294	245,340
Post-employment benefits	31,264	10,410
Share-based payments	62,625	-
	593,183	255,750

Short term employee benefits

These amounts include director and consulting fees paid to non-executive directors as well as salary and paid leave benefits awarded to executive directors.

Post-employment benefits

These amounts are superannuation contributions made during the year.

Further information in relation to key management personnel remuneration can be found in the remuneration report contained in the directors' report.

21. Related party transactions

21.1 Entities under the control of the Group

On 3 July 2015 the Company completed the 100% acquisition of Dimerix Bioscience Pty Ltd. Refer to note 15 and note 23 for further information.

21.2 Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to the remuneration report contained in the directors' report and note 20.

21.3 Other related party transactions

Mr Webse's services were provided by Platinum Corporate Secretariat Pty Ltd (Platinum). Mr Webse is the sole director of Platinum. Company secretarial fees paid to Platinum are disclosed in the remuneration report. Mr Webse resigned as a non-executive director on 3 July 2015 and as Company Secretary on 23 November 2015.

All transactions between the Group and related parties are on an arms-length basis.

22. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	Consolidated	Company
	2016	2015
	$	$
Cash and bank balances	2,018,716	486,864

22. Cash and cash equivalents (cont'd)

22.1 Reconciliation of loss for the year to net cash flows from operating activities

	Consolidated 2016 $	Company 2015 $
Cash flow from operating activities		
Loss for the year	(5,254,475)	(525,073)
Adjustments for:		
Loss from disposal of property, plant and equipment	3,077	-
Depreciation	1,909	1,040
Share based payments	112,205	-
Corporate restructure expense	3,971,811	-
Movements in working capital		
(Increase)/decrease in other receivables	(230,036)	23,976
(Increase)/decrease in prepayments	(33,959)	(2,844)
Increase/(decrease) in trade and other payables	41,396	(62,283)
Increase in provisions	8,942	6,634
Net cash outflows from operating activities	(1,379,130)	(558,550)

Non Cash Financing and Investing Activities

During the year the company issued ordinary shares and performance shares as consideration for the acquisition of Dimerix Bioscience Pty Ltd (see note 23).

23. Business Combination – Reverse acquisition

Subsidiary acquired

On 3 July 2015 Dimerix Limited (formerly Sun Biomedical Limited) completed the 100% acquisition of Dimerix Bioscience Pty Ltd 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 Pty Ltd 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.

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

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**

24. Commitments and contingencies

There are no significant commitments and contingencies at balance date in the current or prior reporting periods.

25. Remuneration of auditors

Auditor of the parent entity

	Consolidated 2016 $	Company 2015 $
Audit or review of the financial statements	45,621	5,000
Other non-audit services	-	-
	45,621	5,000

The auditors of Dimerix Limited are Stantons International Audit and Consulting Pty Ltd.

26. Events after the reporting period

No matters or circumstances have arisen since the end of the year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

27. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the 2016 financial information shown below, are the same as those applied in the financial statements. Refer to note 3 for a summary of significant accounting policies relating to the Group.

Financial position of Dimerix Limited (Legal Parent)

	2016 $	2015 $
Assets		
Current assets	1,828,861	2,963,869
Non-current assets	9,053,507	4,864
Total assets	10,882,368	2,968,733
Liabilities		
Current liabilities	68,777	175,376
Provisions	-	16,267
Non-current liabilities	-	-
Total liabilities	68,777	191,643
Net assets	10,813,591	2,777,090
Equity		
Issued capital	40,862,982	31,557,822
Shares and options yet to be issued	-	1,006,000
Reserves	463,685	157,979
Accumulated losses	(30,513,076)	(29,944,711)
Total equity	10,813,591	2,777,090
Financial performance		
Loss for the year	(568,365)	(679,539)

Commitments and contingencies

There were no material commitments and contingencies at the reporting date for the Group.

29. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 24 August 2016.

ASX Additional Information as at 6 September 2016

Corporate Governance Statement

The Company's corporate governance statement is located at the Company's website: www.dimerix.com/company/corporate-governance.

Ordinary share capital

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	282	100,786	0.01%
1,001 - 5,000	323	825,744	0.06%
5,001 - 10,000	155	1,125,201	0.08%
10,001 - 100,000	532	24,116,377	1.63%
100,001 - 9,999,999,999	607	1,450,448,211	98.23%
Totals	**1,899**	**1,476,616,319**	**100.00%**

Each ordinary share is entitled to vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options

- 17,880,953 unlisted $0.007 options expiring 31 December 2017 are held by 6 individual option holders. Unlisted option holders holding more than 20% of the above options – Celtic Capital Pty Ltd <The Celtic Capital A/C> who holds 8,928,573 options representing 49.9% of the options on issue.
- 10,000,000 unlisted $0.02 expiring 30 June 2019 are held by one individual option holder: DS & KM Harrison <DS & KM Harrison Family A/C>
- 60,000,000 unlisted $0.01 expiring 30 June 2017 are held by three individual option holders. Unlisted option holders holding more than 20% of the above options are:

JK Nominees Pty Ltd <The JK Fund A/C>	20,000,000	33.33%
Tisia Nominees Pty Ltd <The Henderson Family A/C>	20,000,000	33.33%
Oaktone Nominees Pty Ltd <Grist Investment A/C>	20,000,000	33.33%

- 30,851,594 unlisted $0.02 expiring 30 June 2017 are held by eight individual option holders. Unlisted option holders holding more than 20% of the above options are:

Dr James Williams	10,762,182	34.88%
Toroha Pty Ltd <White Family A/C>	8,609,748	27.91%

Options do not carry a right to vote.

Performance Shares

- 75,000,040 Class C Performance Shares are held by 77 individual holders. Class C Performance Shares holders holding more than 20% of the above Class C Performance Shares – Mr Peter Meurs who holds 26,423,688 Class C Performance Shares representing 35.23% of the Class CA Performance Shares on issue.

The Performance Shares do not carry a right to vote.

Unmarketable parcels

There are 1,004 shareholdings held with less than a marketable parcel.

Substantial shareholders

	Number of shares	% holding
Mr Peter Meurs	317,084,255	21.47
Yodambao Pty Ltd	77,886,197	6.33

Restricted securities

Nil

On-Market buy-back

There is no current on-market buy-back.

Twenty (20) largest shareholders of quoted equity securities

Position	Holder Name	Holding	% IC
1	MR PETER FLETCHER MEURS	317,084,255	21.47%
2	YODAMBAO PTY LTD	70,485,214	4.77%
3	MRS WISHNY SRITHARAN KRISHNARAJAH	50,000,000	3.39%
4	MR JASON PETERSON & MRS LISA PETERSON <J & L PETERSON S/F A/C>	48,757,209	3.30%
5	MR PAUL ANDREW WHITE & MS ELIZABETH ANN MCCALL <WHITE FAMILY A/C>	40,389,928	2.74%
6	SRV CUSTODIANS PTY LTD <SRV TECH A/C>	37,889,734	2.57%
7	MRS GWEN MURRAY PFLEGER <PFLEGER FAMILY A/C>	31,187,444	2.11%
8	JAMPASO PTY LTD <WILLIAMS FAMILY A/C>	27,718,806	1.88%
9	NULLAKI SERVICES PTY LTD <ANVIL BAY A/C>	24,434,707	1.65%
10	YODAMBAO PTY LTD <YODAMBAO INVESTMENT A/C>	22,978,223	1.56%
11	JGC SUPER PTY LTD <JGC FAMILY SUPER FUND A/C>	21,440,000	1.45%
12	BOND STREET CUSTODIANS LIMITED <VVALLE - D42570 A/C>	16,557,207	1.12%
12	SAYERS INVESTMENTS (ACT) PTY LIMITED <THE SAYERS INVEST NO 2 A/C>	16,557,207	1.12%
13	TISIA NOMINEES PTY LTD <THE HENDERSON FAMILY A/C>	15,000,000	1.02%
14	SLADE TECHNOLOGIES PTY LTD <EMBREY FAMILY S/FUND A/C>	14,000,000	0.95%
15	JANAKA PTY LTD <THE AITKEN FAMILY A/C>	13,954,060	0.95%
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,978,154	0.88%
17	DR MARTIN MARSHALL	12,142,857	0.82%
18	BLAKE NOMINEES PTY LTD <M AND T SUPER FUND A/C>	11,837,711	0.80%
19	MANHATTAN INVESTMENTS PTY LTD	11,802,560	0.80%
20	AUSPIPE PTY LTD	11,000,409	0.75%
	Totals	**828,195,685**	**56.09%**
	Total Issued Capital	**1,476,616,319**	**100.00%**