Dimerix Limited

ACN 001 285 230

Annual Report for the year ended 30 June 2017

Corporate directory

Board of Directors

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

Company Secretary
Mr Ian Hobson

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

Postal Address
PO Box 226
Subiaco, Western Australia 6904

Website
Website: www.dimerix.com

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

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

Stock Exchange
Australian Securities Exchange
Level 40, Central Park
152-158 St Georges Terrace
Perth, Western Australia 6000

ASX Code
DXB

Annual report for the year ended 30 June 2017

Contents

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 2017. 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*	Non-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 finance, funds management, corporate governance, compliance and business strategy. His career includes 25 years in the Australian stockbroking industry and funds management sectors, 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 corporate compliance and governance. David was Chairman of Onterran Ltd until April 2015 and is currently managing director of Village National Holdings Ltd.

Mr Hugh Alsop *BSc(Hons), MBA*	Non-executive director, joined the Board on 1 May 2017. Hugh is an accomplished and commercially-focused pharmaceutical and biotechnology executive with more than 20 years of experience in international business development, partnering, drug development and leadership of scientific teams. Melbourne-based, he has held senior positions in the Australian industry and has been responsible for several drug development programs for the international market. In particular, as Director of Business Development at Acrux Limited and as Chief Executive Officer of venture-backed private company Hatchtech, he led teams which completed successful Phase 3 programs, two significant exit transactions and the filing of two New Drug Applications with the US Food & Drug Administration (FDA).
Dr Liz Jazwinska *BSc (Hon), PhD, MBA, GAICD*	Non-Executive Director, joined the Board in December 2015 and resigned 3 November 2016.

The above named directors held office during the whole of the financial year and since the end of the financial year except for:

Dr Liz Jazwinska (appointed 17 December 2015, resigned 3 November 2016)
Mr Hugh Alsop (appointed 1 May 2017)

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	33,293,382	-	2,420,283
Sonia Poli	2,600,000	-	-
David Franklyn	3,311,443	-	275,954
Hugh Alsop[1]	-	-	-
Liz Jazwinska[2]	-	-	-

[1] Appointed 1 May 2017
[2] Resigned 3 November 2016

Share options granted to directors and senior management

During and since the end of the financial year, no share options were granted to the directors. Kathy Harrison in her capacity as CEO was issued 36,598,968 options in August 2017 (2% of issued capital) pursuant to the Company's ESOP exercisable at $0.02 per option, vesting in 30 equal monthly instalments commencing 1 February 2018 and expiring 1 February 2022.

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.

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.

Unissued shares under option /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	17,880,953		Ordinary	$0.0076	31 Dec. 2017
Dimerix Limited	10,000,000		Ordinary	$0.020	30 June 2019
Dimerix Limited	10,000,000		Ordinary	$0.020	31 March 2020
Dimerix Limited	36,598,968		Ordinary	$0.020	1 February 2022
Dimerix Limited		75,000,040[i]	Ordinary	n/a	30 June 2019

[i] 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.

22,976,190 shares were issued during the year or since the end of the financial year as a result of exercise of an option (2016: nil).

70,851,594 options expired during the year or since the end of the financial year.

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, 11 board meetings were held.

	Board of Directors	
Directors	**Held**	**Attended**
Dr James Williams	11	11
Dr Sonia Poli	11	11

Mr David Franklyn	11	11
Dr Liz Jazwinska (resigned 3 November 2016)	4	4
Mr Hugh Alsop (appointed 1 May 2017)	2	2

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 19 of the financial report.

Operating and financial review

Principal activities

The focus of the company (including all majority owned entities) during the year has been the development of its DMX-200 clinical asset for the treatment of Chronic Kidney Disease (CKD), and the broader commercialisation of Dimerix's underlying drug discovery technology.

Operating results

The loss of the Group for the year ended 30 June 2017, after accounting for income tax benefit, amounted to $1,758,532 (2016: $5,254,475). The year ended 30 June 2017 operating results are attributed to the following:

- Research and development costs of $878,118 (2016: $589,075)
- Share based payment in respect of transaction options issued to employees and contractors of $52,860 (2016: $112,205); and
- Corporate and administration expenses of $1,382,171 (2016: $1,188,579).

Review of operations

Summary

The company undertook a Phase 2a clinical study of DMX-200 in CKD during the financial year. Positive results of the trial were announced shortly after year end on 12 July 2017 confirming it had met its primary end point of safety and showed encouraging signs of efficacy in CKD.

A top line summary of key announcements from the year is as follows:

1st August 2016 –Dimerix announced that it had received the minutes from the pre-Investigational New Drug (IND) meeting held with the US Federal Drug Administration (FDA) held on 29th July 2016. The minutes confirm the positive reception for this new adjunct drug therapy and provide a range of important clarifications to the pathway for registration for DMX-200 as a treatment for patients with CKD, specifically for the orphan indication of Focal Segmental Glomerular Sclerosis (FSGS) in the USA.

4th October 2016 –Dimerix announced a positive analysis of the interim clinical data from its Phase 2a clinical study in patients with CKD. The data showed that 27% of patients which had passed the mid-way point had 50% or greater reduction in proteinuria over and above the standard of care.

3rd November 2016 –Dr Liz Jazwinska resigned as a director of Dimerix. Dr Jazwinska initially joined the Board in December 2015.

7th November 2016 Ms Kathy Harrison was appointed to the role of CEO. Kathy's appointment followed her recruitment into the COO role in 2014.

6th December 2016 –Dimerix announced that it had completed the formal recruitment process for its Phase 2a clinical trial in CKD. A total of 27 patients had received DMX-200 under the dose escalation study which began in 2015.

25th January 2017 –Dimerix announced that it had raised $2m at $0.006 per share. The funds, which were raised with support from Westar Capital Ltd, have subsequently been allocated to the continued development of Dimerix's DMX-200 program.

31st January 2017 –Dimerix announced that the Japanese Patent Office had allowed a key patent covering the use of its lead therapy, DMX-200 for the treatment of kidney disease.

1st May 2017 –Mr Hugh Alsop was appointed as Non-Executive Director. Hugh joined the Dimerix board following roles where he held responsibility for several international drug development programs, two significant exit transactions and the filing of two New Drug Applications with the US FDA.

DMX-200 Phase 2a clinical trial results
Dimerix reported positive results from its DMX-200 Phase 2a clinical trial shortly after financial year end on 12th July 2017.

Key outcomes of the trial were:

- The primary endpoint of safety and tolerability was met, and no serious safety concerns were observed
- Encouraging efficacy signals were demonstrated as a secondary endpoint, evaluating the effect of DMX-200 on various biomarkers, and were deemed “clinically meaningful” with 25% of patients showing a reduction in excess protein in the urine (proteinuria) of over 50%, beyond that achieved with the highest dosage of current standard of care therapy (irbesartan)
- On recommendation of their treating physicians, 45% of patients applied for and were granted Special Access to the drug under the Therapeutic Goods Administration’s (TGA) Special Access Scheme, following completion of their dosing under the trial.

The key safety parameters of blood pressure control, general kidney function and health measures, and the levels of potassium in the blood stream, did not vary to any clinically relevant extent across the study, highlighting a good outcome. Importantly, the adverse events seen in this study were consistent with those expected in this patient population, and DMX-200 appears to have been well tolerated by the patient group.

The Group is extremely pleased with the outcome that 25% of the patients saw a greater than 50% reduction in proteinuria, over and above the standard of care. This 50% reduction was pre-specified in the protocol as a definition of a “responder” for the study.

A reduction level of 50% in proteinuria was used to define a clinically meaningful result. This level was supported by key opinion leaders throughout Australia, the US and Europe. The observed result is particularly promising given the patients in the study were already stable on the blood pressure lowering standard of care drug irbesartan, and therefore had already seen the best reduction possible on standard of care medications.

Overall, the Group was delighted with the outcomes of this trial which provide the data supporting further investment into development of DMX-200, including the move into a more targeted Phase 2b trial later this year.

There were several other interesting post-hoc analysis findings that warrant further investigation and provide Dimerix with significant confidence in designing the upcoming Phase 2b clinical trial.

In early November 2017, the Group will present a detailed analysis of the data from the Phase 2a clinical trial at the American Society of Nephrology (ASN) annual Kidney Week, a world leading forum attended by more than 13,000 international kidney specialists.

Australian Therapeutic Goods Administration Special Access Scheme
The TGA’s Special Access Scheme allows patients to continue taking an experimental drug after completion of a study. Following completion of the DMX-200 Phase 2a clinical study, under the guidance and recommendation of their treating physician, 45% of patients applied for access to continue taking DMX-200 under the Special Access Scheme. This provides an indication of physician acceptance in the value of DMX-200.

Overview of Group strategy

The Group's focus during the year was the development of DMX-200, Dimerix's clinical asset for the treatment of CKD. During the period, a Phase 2a clinical trial was completed in CKD. The trial confirmed that patients could safely tolerate the drug, and also showed encouraging signs of efficacy in CKD patients. Results from the trial will inform a Phase 2b clinical trial which was in the planning stage at the time of this report. It is currently anticipated that the Phase 2b clinical trial will commence prior to the end of CY2017.

In parallel, Dimerix plans to 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.

Dimerix's Receptor HIT platform can be used to examine the way existing drugs interact with receptors within the body to define new treatments using existing drugs that can be used to inform development of new drugs with lower side effect profiles and targeted efficacy, and can be used to identify new therapeutic pathways. The platform has in the past been used under contract or license by pharmaceutical companies for their internal drug development programs. Future focus on platform development will emphasise long term strategic development opportunities to build longer term relationships and value.

The DMX-200 Program

DMX-200 is an adjunct therapy for CKD in which patients are taking the standard of care drug, irbesartan and are administered DMX-200 (an existing drug with a known safety profile, 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.

<u>The DMX-200 trial design</u>

The trial design of DMX-200 in CKD was a single arm, open-label trial in adult patients with CKD (exhibiting proteinuria). The patients on the Phase 2a clinical study suffered from CKD of all causes, and 27 patients passed screening and received at least one dose of DMX-200. Patients dosed were diagnosed with diabetic nephropathy (10), IgA nephropathy (6), and other proteinuric diseases (11). DMX-200 was given to patients orally during the trial, and each patient received a dose three times per day.

The primary end point of the Phase 2a clinical trial was the incidence and severity of adverse events and the clinically significant changes in the safety profile of participants. The median dosing period was 28 weeks.

The secondary endpoint was to evaluate the effect of DMX-200 on various biomarkers, specifically including proteinuria. The levels of proteinuria gives both an indication of likely future deterioration of the kidney as well as high levels contributing to the damage itself, creating a vicious cycle.

Analysis of biomarker data, including proteinuria, occurred at each time point and included an assessment of change from baseline, and identification of those patients who were defined as responders. Responders were defined in the protocol as those participants achieving normalisation of proteinuria (proteinuria within normal limits) or those participants achieving a 50% reduction in proteinuria. The 50% reduction level was selected as it was considered clinically significant following advice from key opinion leaders throughout Australia, the US and Europe.

Part of the purpose of the trial was to obtain information about which dose had the best opportunity for efficacy, and therefore each patient commenced on the lowest dose, and subject to physician oversight, was escalated through the five doses at four week intervals, remaining on their last dose for a maximum period of 12 weeks.

DMX-200 – progressing through the clinic

Dimerix began the year receiving the minutes, including the main outcomes, of the pre-IND meeting with the US Food and Drug Administration (FDA), confirming advice as to the registration path required to develop DMX-200 for the treatment of FSGS.

Key outcomes included the agreement to develop DMX-200 as an adjunct therapy, avoiding the complexities required of combination therapy trials; in principal agreement from the FDA for reduction of proteinuria being a potential registration end point; and for the likely requirement of a single pivotal Phase 3 clinical study following the planned Australian Phase 2b clinical program.

The positioning of DMX-200 as an adjunct therapy consistent with the advice from the FDA is expected to greatly reduce the complexity and cost of a Phase 3 clinical trial. Developing an extended release dosage form of propagermanium to reduce dosing from the Phase 2a protocol of three times daily, will be a key focus for this adjunct therapeutic approach.

The FDA also provided some insight into what an appropriate endpoint may look like in a pivotal Phase 3 clinical trial for FSGS, Dimerix's Orphan Drug designation.

Proteinuria is common in FSGS patients and is broadly accepted as a risk factor and strong indicator for disease progression. As a result, the FDA advised that "a substantial change in proteinuria in patients with marked proteinuria at baseline may be an acceptable endpoint for traditional or accelerated approval".

Phase 2a clinical trial recruitment was completed in early December 2016, placing Dimerix on track to deliver final data for the Phase 2a clinical trial by July 2017.

The company delivered its interim data analysis in October 2016 after 21 patients were dosed and two patients had completed the study, with the therapy showing signs of being well tolerated and having an encouraging safety profile.

The company's headline Phase 2a clinical trial results were delivered on time and budget in July 2017. Trial results are discussed in a later section of this report, "Events after the reporting period".

We were also pleased during the year to meet with 7 eminent US nephrologists to discuss the DMX-200 data and plan for the Phase 2b clinical study. This meeting was organised by Nephcure Kidney International, a US-based organisation committed exclusively to support research seeking the cause and cures for Focal Segmental Glomerulosclerosis (FSGS) and Nephrotic Syndrome, and the Nephcure Accelerating Cure Institute, a partnership between NephCure Kidney International and the University of Michigan.

Intellectual Property

Dimerix continued to strengthen its patent position through the year, with the Japanese Patent Office allowing a key patent covering the use of our lead compound DMX-200 for treatment of kidney disease.

HIT-Receptor platform – further validation

The DMX-200 program was first identified by our proprietary HIT-Receptor platform, which is able to identify potential pharmacological effects when receptors interact as heterodimers, indicating more novel and effective routes for therapeutic intervention.

Through the year this technology was further validated by research which was published in Nature Scientific Reports. This research, using state of the art CRISPR technology was conducted by the team at the Harry Perkins Institute of Medical Research, led by Associate Professor Kevin Pfleger.

The research confirms the biological relevance of the core premise of the Receptor-HIT technology (heterodimers) by demonstrating their effect in cells in real time under endogenous promoter conditions, as occurs in the physiological setting.

Earlier in the year we announced pre-clinical data from our program for NASH (Non-Alcoholic Steatohepatitis) using the Receptor-Hit platform that we have named DXM-250.

This program will explore the use of combinations of an unnamed angiotensin receptor blocker (ARB) and propagermanium, a CCR2 receptor antagonist. DMX-250 has already demonstrated an encouraging effect in the pre-clinical mouse model based on evaluation of industry accepted endpoints.

Liquidity and capital resources

Dimerix ended the financial year with cash of $2,244,500, and expects to receive a Research and Development tax incentive refund of $545,771 following 30 June 2017, further boosting capital resources.

Financial position

	30 June 2017 $	30 June 2016 $
Cash and cash equivalents	2,244,500	2,018,716
Net assets / total equity	2,629,675	2,242,575
Contributed equity	13,012,842	10,920,070
Accumulated losses	(10,735,733)	(8,977,201)

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

There were no significant changes in the state of affairs in the year ended 30 June 2017.

Events after the reporting period

Board restructure and issuance of options to Kathy Harrison

Dimerix announced changes to its Board on 1st August 2017 with Executive Chairman Dr James Williams transitioning to non-Executive Chairman.

This transition was a planned hand-over of full executive responsibility to Kathy Harrison following her appointment as Dimerix Limited's full time CEO in November 2016. Kathy was previously Chief Operating Officer and General Manager at Dimerix.

Kathy Harrison in her capacity as CEO was issued 36,598,968 options (2% of issued capital) pursuant to the Company's ESOP exercisable at $0.02 per option, vesting in 30 equal monthly instalments commencing 1 February 2018 and expiring 1 February 2022.

Future developments, prospects and business strategies

Dimerix is on track to complete manufacture of an extended release tablet of propagermanium and the subsequent human pharmacokinetic (PK) study for DMX-200 before the end of 2017. The PK study will compare the new tablet with the capsule used in the Phase 2a clinical study to guide the appropriate dose for the Phase 2b clinical study. Completion of the formulation of Propagermanium will allow patients to take two tablets daily, rather than the current three. This is established in the industry to provide significant patient compliance benefit.

The Phase 2b clinical study will look further at the efficacy of DMX-200 in CKD. Using inputs from the Phase 2a clinical study, Dimerix will finalise the patient inclusion criteria, dosing and timetable, for the Phase 2b clinical study, with the aim of commencement by the end of calendar 2017. The trial is expected to take approximately 12 months to complete.

If positive, the data from the Phase 2a clinical study and planned Phase clinical 2b study will support partnering discussions for DMX-200, while in parallel the Group will plan to enter Phase 3 clinical trials for the Orphan indication FSGS during the CY 2019.

The Group also intends to progress a parallel European Regulatory process, including filing of an Orphan Drug Designation application in Europe, and discussions with regulatory bodies, to confirm the registration pathway in Europe during 2018.

The Group will provide updates on its pipeline programs and further commercial applications of its Receptor HIT platform technology during the coming financial year. It is the Group's intention to leverage its drug discovery technology to build a pipeline of additional pre-clinical and clinical assets and become a company with multiple high potential value commercial opportunities.

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 2017. 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 James Williams (Transitioned from Executive Chairman to non-executive chairman 1 August 2017)	Executive Chairman
Mr David Franklyn	Non-executive director
Dr Sonia Maria Poli	Non-executive director
Mr Hugh Alsop (appointed 1 May 2017)	Non-executive director
Dr Liz Jazwinska (appointed 17 December 2015, resigned 3 November 2016)	Non-executive director
Executive Employees	**Position**
Kathy Harrison (appointed November 2016)	Chief Executive Officer

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

	Short-term employee benefits		**Post-employment benefits**	**Share-based payment**	
2017	**Salary & fees $**	**Other[3] $**	**Superannuation $**	**Options $**	**Total $**
Non-executive directors					
Sonia Poli	50,000	-	-	-	50,000
David Franklyn	41,096	-	3,904	-	45,000
Liz Jazwinska[1]	20,125	-	-	-	20,125
Hugh Alsop[2]	6,849	-	651	-	7,500
Executive directors					
James Williams	100,000	-	9,500	-	109,500
Chief Executive Officer	-	-	-	-	-
Kathy Harrison	234,987	12,448	21,492	49,193	318,120
Total	**453,057**	**12,448**	**35,547**	**49,193**	**550,245**

[1] Resigned 3 November 2016
[2] Appointed 1 May 2017
[3] Other comprises annual leave expense for the year

Hugh Alsop was a consultant with the Company prior to his appointment as a Non-Executive Director.

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.

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 $43,750 during the financial year (2016: $35,000) 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	No of options.	Grant date	Expiry date	Grant date fair value	Vesting date
1	20,857,143	22 January 2013	31 December 2017	$0.0076	Vested at date of grant
3	10,000,000	6 September 2016	30 June 2019	$0.02	1/3rd Vest on date of grant 1/3rd vest on 30 June 2017 1/3rd vest on 30 June 2018

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 (2016: 17,219,494). No share options were exercised by key management personnel during the year (2016: nil).

No Performance shares were issued to key management personnel as remuneration during the year (2016: nil).

No performance shares issued as part of the consideration for the acquisition of Dimerix Bioscience Pty Ltd were converted to ordinary shares during the year (2016: 150,000,080).

10,000,0000 options were issued to Kathy Harrison during the year with and exercise price of $0.02 with an expiry date of 30 June 2019. 1/3rd of the options vest immediately on issue, 1/3rd vest on 30 June 2017 and the balance vest on 30 June 2018. The grant date fair value of the options issued was $60,270.

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 1 August 2017, Dr James Williams transitioned to Non-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:

- The Executive Chairman Term of agreement ceased;
- 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 $60,000 per annum plus 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.
- 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 (inclusive of superannuation).

On 1 May 2017 Mr Hugh Alsop 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.
- 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 (inclusive of superannuation).

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.

The agreement with Dr Jazwinska was terminated upon her resignation on 3 November 2016.

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 7 November 2016, Ms Kathy Harrison was appointed to the role of Chief Executive officer on the following key terms and conditions:

- Term of agreement – employment may be terminated by either party giving two month's notice.
- Remuneration will be $200,000 per annum plus superannuation.

Performance bonus of up to 25% of base salary ($50,000), an increase from 20% of base salary.

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.

Key management personnel equity holdings

Fully paid ordinary shares of Dimerix Limited

2017	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]	29,043,382	-	-	4,250,000	-	33,293,382
Sonia Poli[1]	-	-	-	2,600,000	-	2,600,000
David Franklyn[2]	3,311,443	-	-	-	-	3,311,443
Liz Jazwinska[3]	-	-	-	-	-	-
Hugh Alsop[6]	-	-	-	-	-	-

2016	Balance at 1 July No.	Granted as compensation No.	Received on exercise of options/ performance shares No.	Net other change No.	Balance on Resignation	Balance at 30 June 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)	-

[1] Appointed 3 July 2015 [2] Appointed 23 November 2015
[3] Appointed 17 December 2015, resigned 3 November 2016
[4]Resigned 24 November 2015 [5]Resigned 3 July 2015
[6] Appointed 1 May 2017

Share options of Dimerix Limited

2017	Balance at 1 July No.	Granted as compens-ation No.	Exercised / Lapsed [1] No.	Balance on resignat-ion No.	Balance at 30 June No.	Balance vested at 30 June No.	Vested and exercisable No.	Options vested during year No.
James Williams	10,762,183	-	(10,762,183)	-	-	-	-	-
Sonia Poli[1]	2,152,437	-	(2,152,437)	-	-	-	-	-
David Franklyn[2]	2,152,437	-	(2,152,437)	-	-	-	-	-
Liz Jazwinska[3]	-	-	-	-	-	-	-	-
Hugh Alsop[6]	-	-	-	-	-	-	-	-
Kathy Harrison	2,152,437	10,000,000	(2,152,437)	-	10,000,000	6,666,666	6,666,666	6,666,666

[1] The options lapsed during the year were issued in 2016.

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

[1] Appointed 3 July 2015
[3] Appointed 17 December 2015
[4]Resigned 23 November 2015
[5]Resigned 3 July 2015.
[6] Appointed 1 May 2017

Key management personnel equity holdings
Performance shares of Dimerix Limited

2017	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]	2,420,283	-	-	-	-	2,420,283
Sonia Poli[1]	-	-	-	-	-	-
David Franklyn[2]	275,954	-	-	-	-	275,954
Liz Jazwinska[3]	-	-	-	-	-	-
Hugh Alsop[6]	-	-	-	-	-	-

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]	-	-	-		-	-

[1] Appointed 3 July 2015
[2] Appointed 23 November 2015
[3] Appointed 17 December 2015, resigned 3 November 2016
[4]Resigned 23 November 2015
[5]Resigned 3 July 2015.
[6] Appointed 1 May 2017

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, 30 August 2017

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

30 August 2017

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

Dear Directors

RE: DIMERIX LIMITED

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

As Audit Director for the audit of the financial statements of Dimerix Limited for the year ended 30 June 2017, 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
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
DIMERIX LIMITED

Report on the Audit of the Financial Report

Our Opinion

We have audited the financial report of Dimerix Limited (the Company) and its subsidiaries (the Consolidated Entity), which comprises the consolidated statement of financial position as at 30 June 2017, 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, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

(a) the accompanying financial report of the Consolidated Entity 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 2017 and of its financial performance for the year then ended; and

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

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report

Liability limited by a scheme approved
under Professional Standards Legislation

Member of Russell Bedford International

Russell Bedford

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Consolidated Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. 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 entity'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 entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of 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.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 18 of the directors' report for the year ended 30 June 2017. 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 on the Remuneration Report

In our opinion, the Remuneration Report of Dimerix Limited for the year ended 30 June 2017 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
30 August 2017

Directors' declaration

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(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

Date: 30 August 2017

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2017

	Note	30 June 2017 $	30 June 2016 $
Continuing operations			
Revenue	6	18,282	45,311
Other income	7	536,335	564,961
Research and development expenses		(878,118)	(589,075)
Corporate restructure expense	23	-	(3,971,811)
Loss on sale of fixed assets		-	(3,077)
Share based payments	19	(52,860)	(112,205)
Corporate administration expenses	8	(1,382,171)	(1,188,579)
Loss before income tax		**(1,758,532)**	**(5,254,475)**
Income tax expense	9	-	-
Loss for the year from continuing operations		**(1,758,532)**	**(5,254,475)**
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		**(1,758,532)**	**(5,254,475)**
Loss attributable to:			
Owners of Dimerix Limited		**(1,758,532)**	**(5,254,475)**
Total comprehensive loss attributable to:			
Owners of Dimerix Limited		**(1,758,532)**	**(5,254,475)**
Loss per share:			
Basic and diluted (cents per share)	10	(0.108)	(0.387)

Notes to the financial statements are included on pages 28 to 56.

Consolidated statement of financial position as at 30 June 2017

	Note	30 June 2017 $	30 June 2016 $
Current assets			
Cash and cash equivalents	22	2,244,500	2,018,716
Trade and other receivables	11	624,023	504,375
Total current assets		**2,868,523**	**2,523,091**
Non-current assets			
Property, plant and equipment	12	3,270	2,209
Total non-current assets		3,270	**2,209**
Total assets		**2,871,793**	**2,525,300**
Current liabilities			
Trade and other payables	13	210,457	264,552
Provisions	14	31,661	18,173
Total current liabilities		**242,118**	**282,725**
Total liabilities		**242,118**	**282,725**
Net assets		**2,629,675**	**2,242,575**
Equity			
Issued capital	16	13,012,842	10,920,070
Reserves	17	352,566	299,706
Accumulated losses		(10,735,733)	(8,977,201)
Total equity		**2,629,675**	**2,242,575**

Notes to the financial statements are included on pages 28 to 56.

Consolidated statement of changes in equity for the year ended 30 June 2017

	Issued Capital $	Reserves $	Accumulated losses $	Total $
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**
Balance at 1 July 2016	**10,920,070**	**299,706**	**(8,977,201)**	**2,242,575**
Loss for the year	-	-	(1,758,532)	(1,758,532)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(1,758,532)	(1,758,532)
Issue of ordinary shares	2,000,000	-	-	2,000,000
Conversion of options to shares	220,835	-	-	220,835
Share issue costs	(128,063)	-	-	(128,063)
Recognition of share based payments	-	52,860	-	52,860
Balance at 30 June 2017	**13,012,842**	**352,566**	**(10,735,733)**	**2,629,675**

Notes to the financial statements are included on pages 28 to 56.

Consolidated statement of cash flows for the year ended 30 June 2017

	Note	30 June 2017 $	30 June 2016 $
Cash flows from operating activities			
Research and development tax incentive received		420,900	328,374
Receipts from grants		-	6,876
Payments to suppliers and employees		(2,303,589)	(1,759,366)
Interest received		18,282	44,987
Net cash used in operating activities	22.1	(1,864,407)	(1,379,129)
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	(2,581)	(1,984)
Net cash (used in) from investing activities		(2,581)	2,930,821
Cash flows from financing activities			
Proceeds from issue of shares		2,220,835	-
Refund/(Payment) for share issue costs		(128,063)	(19,840)
Net cash provided/(used in) by financing activities		2,092,772	(19,840)
Net increase in cash and cash equivalents		225,784	**1,531,852**
Cash and cash equivalents at the beginning of the year		2,018,716	486,864
Cash and cash equivalents at the end of the year	22	**2,244,500**	**2,018,716**

Notes to the financial statements are included on pages 28 to 56.

Notes to the financial statements for the year ended 30 June 2017

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 2016 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.

- *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 30 August 2017.

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.

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" in 2016. 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 2017 the Group incurred a loss after tax of $1,758,532 (2016: $5,254,475) and a net cash outflow from operations of $1,864,407 (2016: $1,379,129). At 30 June 2017, the Group had current assets of $2,868,523 (2016: $2,523,091), current liabilities of $242,118 (2016: $282,725) and current cash holding was $2,244,500 (2016: $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.

Interest income
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.

Research and Development Incentive
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 Loans and receivables

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 Impairment of financial assets

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 tax incentive

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).

From the period beginning 1 July 2016 the Board considers that the Company has only operated in one Segment.

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	458,268	-	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**

6. Revenue

	2017 $	2016 $
Interest received	18,282	45,311

7. Other income

	2017 $	2016 $
Research and development tax incentive	536,335	562,961
Grant income	-	2,000
	536,335	564,961

8. Loss for the year

Loss for the year has been arrived at after charging the following items of expenses:	**2017** $	**2016** $
Corporate administration expenses		
Company secretary fees	48,900	69,670
Directors remuneration	232,125	249,034
Legal and professional fees	5,301	8,995
Share registry fees	13,095	11,695
Insurance expenses	42,187	35,448
Other administration expenses	1,040,563	813,737
	1,382,171	1,188,579

9. Income taxes relating to continuing operations

9.1 Income tax recognised in profit or loss

	2017 $	**2016** $
Current tax expense/(benefit)	(301,759)	(282,951)
Deferred tax expense/(benefit)	30,922	67,978
Tax losses not recognised	270,837	214,973
Total Tax expense/(benefit)	-	-

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

	2017 $	2016 $
Loss before tax from continuing operations	(1,758,532)	(5,254,475)
Income tax expense/(revenue) calculated at 27.5% (2016: 28.5%)	483,596	1,497,525
Effect of items that are not assessable/deductible in determining taxable loss:		
Non-deductible expenses	(360,251)	(1,442,998)
Non-assessable income	147,492	160,446
Effect of unused tax losses not recognised as deferred tax assets	(270,837)	(214,973)
	-	-

The tax rate used for the reconciliation above is the corporate tax rate of 27.5% (2016:28.50%) 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

	2017 $	2016 $
Current tax		
Share issue costs	65,254	63,503
Deferred tax		
Share issue costs deductible over 5 years	28,174	4,762
	93,428	68,265

9.3 Unrecognised deferred tax assets

	2017 $	2016 $
Unused tax losses (revenue) for which no deferred tax assets have been recognised	2,249,280	2,426,521
Temporary differences	174,689	185,885

All unused tax losses were incurred by Australian entities.

During the year unused tax losses of subsidiary Dimerix Bioscience Pty Ltd amounting to $1,046,929 were cancelled.

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

	2017	2016
Basic and diluted loss per share (cents per share)	(0.108)	(0.387)

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:

	2017 $	2016 $
Loss for the year attributable to owners of the Company	(1,758,532)	(5,254,475)

	2017 No.	2016 No.
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	1,623,642,931	1,359,964,139

11. Trade and other receivables

	2017 $	2016 $
Other receivables	577,188	459,467
Prepayments	46,835	44,908
	624,023	504,375

The other receivables at the reporting date include Research and Development tax incentive of $545,771.

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

12. Property, plant and equipment

Carrying amounts of	2017 $	2016 $
Computer Equipment	**3,270**	**2,209**

Cost or valuation

	2017 $	2016 $
Balance at 1 July	4,683	3,152
Additions	2,581	7,866
Disposals	-	(6,335)
Balance at 30 June	**7,264**	**4,683**

Accumulated depreciation

	2017 $	2016 $
Balance at 1 July	2,474	1,305
Accumulated depreciation acquired through the Acquisition	-	1,018
Depreciation expense	1,520	1,909
Disposals	-	(1,758)
Balance at 30 June	3,994	2,474
Net book value	**3,270**	**2,209**

13. Trade and other payables

	2017 $	2016 $
Trade creditors	83,399	133,273
Accruals and other payables	127,058	131,279
	210,457	264,552

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

14. Provisions

	2017 $	2016 $
Provision for employee entitlements	31,661	18,173

15. Subsidiaries

		2017	2016
Dimerix Bioscience Pty Ltd*	Australia	100%	100%

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

16. Issued capital

	2017 $	2016 $
1,829,949,652 fully paid ordinary shares (2016: 1,473,640,129)	13,012,842	**10,920,070**

	30 June 2017		30 June 2016	
	No.	$	No.	$
Balance at beginning of the balance year	**1,473,640,129**	**10,920,070**	67,946,250	4,378,510
Issue of ordinary shares	333,333,333	2,000,000	-	-
Conversion of options to shares	22,976,190	220,835		
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)	-	(128,063)	-	(19,840)
Balance at end of the end of the year	**1,829,949,652**	**13,012,842**	**1,473,640,129**	**10,920,070**

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

17. Reserves

	2017 $	2016 $
Performance shares reserve	187,501	187,501
Share based payment reserve	165,065	112,205
Total reserves at end of year	352,566	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.

There were no changes to the performance share reserve in the financial year ended 30 June 2017.

Performance share reserve movement

	2017 $	2016 $
Balance at beginning of the balance year	187,501	-
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 year	187,501	187,501

Share-based payments Reserve	2017 $	2016 $
Balance at beginning of year	112,205	-
Arising on share-based payments	52,860	112,205
Balance at end of year	165,065	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 2016.

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*

Financial assets	2017 $	2016 $
Cash and cash equivalents	2,244,500	2,018,716
Trade and other receivables	577,188	459,467
	2,821,688	2,478,183
Financial liabilities		
Trade and other payables	210,457	264,552
	210,457	264,552

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 2017 would increase/decrease by $22,445 (2016: $20,187).

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**
	$	**$**	**$**	**$**	**$**	**$**
2017						
Trade and other payables	210,457	210,457				210,457
2016						
Trade and other payables	264,552	264,552	-	-	-	264,552

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.

20,000,000 were issued to employees during the financial year (2016: 30,851,594.)

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.

20,000,000 options were granted to employees during the year. 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.

Option Series 4 – 10,000,000 options	**Inputs**
Volatility (%)	90%
Risk free interest rate (%)	1.92%
Expected life of option (years)	2.81
Exercise price per terms and conditions	$0.02
Underlying security price at grant date	$0.013
Expiry date	30 June 2019
Value per option	$0.006
Vesting terms	3,333,333 – 6/9/2016 3,333,333 – 30/6/2017 3,333,333 – 30/6/2018

19. Share-based payments (continued)

Option Series 5 – 10,000,000 options	**Inputs**
Volatility (%)	90%
Risk free interest rate (%)	1.92%
Expected life of option (years)	3
Exercise price per terms and conditions	$0.02
Underlying security price at grant date	$0.006
Expiry date	31 March 2020
Value per option	$0.0019
Vesting terms	5,000,000 – 31/3/2018 5,000,000 – 31/3/2019

19.2 Options on Issue

The following share-based payment arrangements were in existence during the current reporting period:

Option series	Number	Grant date	Grant date fair value	Exercise price	Expiry date	Vesting date
1	17,880,953	22/01/2013	0.0076	0.007	31/12/2017	At grant date
						1/3 – 6/9/2016
						1/3 –30/6/2017
4	10,000,000	05/09/2016	0.006	0.02	30/06/2019	1/3-30/6/2018
						5,000,000 – 31/3/2018
5	10,000,000	24/03/2017	0.002	0.02	30/06/2020	5,000,000 – 31/3/2019

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 $79,227 (2016: $112,205).

19.3 Performance shares on issue

Class	Number	Grant date	Grant date fair value	Expiry date	Vesting condition
C	75,000,040	3/07/2015	0.0025	30/06/2019	Each share converts to one ordinary share on receipt to ethics approval allowing commencement of a second clinical trial derived from the Dimerix platform. (See note 23 iv.)

19.3 *Movements in share options during the year*

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

	2017		2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	No.	$	No.	$
Balance at beginning of the year	111,708,737	0.0123	20,857,143	0.0076
Granted during the year	20,000,000	0.020	90,851,594	0.0134
Forfeited during the year	-	-	-	-
Exercised during the year	(22,976,190)	0.0096	-	-
Expired during the year	(70,851,594)	0.0144	-	-
Balance at end of year	**37,880,953**	**0.0139**	**111,708,737**	**0.0123**
Exercisable at end of year	**24,547,620**	**0.011**	**111,708,737**	**0.0123**

19.4 *Share options exercised during the year*

22,976,190 share options were exercised during the year (2016: 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 $0.0139 and a weighted average remaining contractual life of 545 days (2016: 386 days).

20. Key management personnel

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

	2017	2016
	$	$
Short-term employee benefits	465,505	499,294
Post-employment benefits	35,547	31,264
Share-based payments	49,193	62,625
	550,245	593,183

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.

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

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

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:

	2017	**2016**
	$	$
Cash and bank balances	2,244,500	2,018,716

22. Cash and cash equivalents (continued)

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

	2017 $	2016 $
Cash flow from operating activities		
Loss for the year	(1,758,532)	(5,254,475)
Adjustments for:		
Loss from disposal of property, plant and equipment	-	3,077
Depreciation	1,520	1,909
Share based payments	52,860	112,205
Corporate restructure expense	-	3,971,811
Movements in working capital		
(Increase)/decrease in other receivables	(117,721)	(230,036)
(Increase)/decrease in prepayments	(1,927)	(33,959)
Increase/(decrease) in trade and other payables	(54,096)	41,396
Increase/(decrease) in provisions	13,489	8,942
Net cash outflows from operating activities	(1,864,407)	(1,379,130)

Non Cash Financing and Investing Activities

During the prior 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 2016

Subsidiary acquired in financial year ended 30 June 2016

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

	2017 $	2016 $
Audit or review of the financial statements	38,069	45,621
Other non-audit services	-	-
	38,069	45,621

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

26. Events after the reporting period

The Company announced that Dr James Williams transitioned to the position of non- Executive Chairman as from 1 August 2017.

Kathy Harrison in her capacity as CEO was issued 36,598,968 options in August 2017 (2% of issued capital) pursuant to the Company's ESOP exercisable at $0.02 per option, vesting in 30 equal monthly instalments commencing 1 February 2018 and expiring 1 February 2022.

No other 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 2017 and 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)

	2017 $	2016 $
Assets		
Current assets	1,658,156	1,828,861
Non-current assets	-	9,053,507
Total assets	**1,658,156**	**10,882,368**
Liabilities		
Current liabilities	132,917	68,777
Provisions	30,620	-
Non-current liabilities	-	-
Total liabilities	**163,537**	**68,777**
Net assets	1,494,619	**10,813,591**
Equity		
Issued capital	42,955,753	40,862,982
Reserves	516,545	463,685
Accumulated losses	(41,977,679)	(30,513,076)
Total equity	**1,494,619**	**10,813,591**
Financial performance		
Loss for the year	(11,464,603)	(568,365)

ASX Additional Information as at 28 August 2017

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	285	101,929	0.01%
1,001 - 5,000	319	823,508	0.05%
5,001 - 10,000	153	1,119,797	0.06%
10,001 - 100,000	614	30,598,747	1.67%
100,001 - 9,999,999,999	909	1,797,305,671	98.22%
Totals	**2,280**	**1,829,949,652**	**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 ESOP holder.
- 10,000,000 unlisted $0.02 expiring 30 June 2020 are held by one individual ESOP holder.
- 36,598,968 unlisted $0.02 expiring 1 February 2022 are held by one individual ESOP holder.

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 1,083 shareholdings held with less than a marketable parcel.

Substantial shareholders

	Number of shares	% holding
Mr Peter Meurs	317,084,255	17.33
Yodambao Pty Ltd	77,886,197	5.11

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	17.33%
2	YODAMBAO PTY LTD <YODAMBAO INVESTMENT A/C>	93,463,437	5.11%
3	MRS WISHNY SRITHARAN KRISHNARAJAH	48,600,000	2.66%
4	MR PAUL ANDREW WHITE & MS ELIZABETH ANN MCCALL <WHITE FAMILY A/C>	40,389,928	2.21%
5	SRV CUSTODIANS PTY LTD <SRV TECH A/C>	37,889,734	2.07%
6	MRS GWEN MURRAY PFLEGER <PFLEGER FAMILY A/C>	31,187,444	1.70%
7	JAMPASO PTY LTD <WILLIAMS FAMILY A/C>	27,718,806	1.51%
8	SLADE TECHNOLOGIES PTY LTD <EMBREY FAMILY S/FUND A/C>	26,000,000	1.42%
9	JGC SUPER PTY LTD <JGC FAMILY SUPER FUND A/C>	21,440,000	1.17%
10	DJEE PTY LIMITED <DJEE SUPERANNUATION A/C>	20,000,000	1.09%
11	NULLAKI SERVICES PTY LTD <ANVIL BAY A/C>	18,934,707	1.03%
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	16,029,438	0.88%
13	DR MARTIN MARSHALL	15,000,857	0.82%
14	TISIA NOMINEES PTY LTD <THE HENDERSON FAMILY A/C>	15,000,000	0.82%
15	BLAKE NOMINEES PTY LTD <M AND T SUPER FUND A/C>	14,779,237	0.81%
16	TT NICHOLLS PTY LTD <NICHOLLS SUPER FUND A/C>	14,000,000	0.77%
17	JANAKA PTY LTD <THE AITKEN FAMILY A/C>	13,954,060	0.76%
18	DR DAVID KENNETH PACKHAM <PACKHAM & DAUGHTERS A/C>	12,256,631	0.67%
19	WAIROA PTY LTD <WAUGH SUPER FUND A/C>	12,200,000	0.67%
20	MR ROHAN CHARLES EDMONDSON & MRS FIONNUALA CATHERINE EDMONDSON <R F EDMONDSON SUPERFUND A/C>	12,000,000	0.66%
	Total	**807,928,534**	**44.15%**
	Total issued capital - selected security class(es)	**1,829,949,652**	**100.00%**