1 Company Information

Name of entity:	HYDRIX LIMITED
ABN:	84 060 369 048
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

2 Results for announcement to the market

The consolidated entity has adopted Accounting Standard AASB 2020-4 'Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions' for the half-year ended 31 December 2020. The Accounting Standard was adopted using the practical expedient and as such the Right-of-Use asset has not been remeasured.

				$
Revenues from ordinary activities	down	37.8%	to	5,095,260
(Loss) from ordinary activities after tax attributable to the owners of Hydrix Limited	up	187.7%	to	(4,824,022)
(Loss) for the half-year attributable to the owners of Hydrix Limited	up	189.7%	to	(4,825,764)

Dividends
The consolidated entity does not propose to pay a dividend.

No dividend or distribution plans are in operation.

Comments
The loss for the consolidated entity after providing for income tax amounted to $4,825,764 (31 December 2019: $1,665,619). The consolidated entity's results for the financial half-year reflect the challenging operating environment caused by COVID-19 and ongoing 'Buy, Build, Invest' initiatives.

3 Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security (including right-of-use assets)	2.47	(2.32)

4 Control gained over entities

Not applicable

5 Loss of control over entities

Not applicable.

6 Details of associates and joint venture entities

Not applicable.

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7 Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been subject to a review by the auditors and the review report is included in the Interim Financial Report.

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8 Attachments

Details of attachments (if any):
The Interim Report of Hydrix Limited for the half-year ended 31 December 2020 is attached.

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9 Signed

Date: 26 February 2021

Mr Gavin Coote
Executive Chairman
Melbourne

HYDRIX LIMITED

INTERIM REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

ABN: 84 060 369 048

Hydrix Limited
ABN : 84 060 369 048

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31 December 2020

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General information

The financial statements cover Hydrix Limited as a consolidated entity consisting of Hydrix Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Hydrix Limited's functional and presentation currency.

Hydrix Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	**Principal place of business**
30-32 Compark Circuit	30-32 Compark Circuit
Mulgrave VIC 3170	Mulgrave VIC 3170

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 February 2021. The directors have the power to amend and reissue the financial statements.

Directors	Mr Gavin Coote (Executive Chairman) Ms Julie King (Non-Executive Director) Ms Joanne Bryant (Non-Executive Director) Mr Paul Wright (Non-Executive Director)
Company Secretary	Ms Alyn Tai
Registered Office	30-32 Compark Circuit Mulgrave VIC 3170 Phone: (03) 9550 8100
Principal place of business	30-32 Compark Circuit Mulgrave VIC 3170
Share register	Boardroom Pty Limited Grosvenor Place Level 12, 225 George Street Sydney NSW 2000
Auditor	Grant Thornton Audit Pty Ltd Collins Square, Tower 5 727 Collins Street Melbourne VIC 3008
Solicitors	Holding Redlich Level 8, 555 Bourke Street Melbourne VIC 3000
Stock Exchange Listing	Hydrix Limited's shares are listed on the Australian Securities Exchange (ASX code: HYD)
Website	www.hydrix.com
Country of incorporation and domicile	Australia

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Hydrix Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

The following persons were directors of Hydrix Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Gavin Coote
Executive Chairman

Ms Julie King
Non-Executive Director

Ms Joanne Bryant
Non-Executive Director

Mr Paul Wright
Non-Executive Director

Principal activities

The principal activities of the consolidated entity during the half year were providing design, engineering, and regulatory services to customers in the medical, industrial, mining and defence industries, and the pursuit of the entity's 'Buy, Build, Invest' growth strategy.

The consolidated entity operates three wholly owned subsidiary entities:

Hydrix Services which transforms client ideas into market leading commercialisable products primarily under fee-for-services contracts. It offers a comprehensive range of engineering and regulatory services including software, electronics, mechanical, industrial design, and general product development services. It's product development and commercialisation services range from applied research through all stages of engineering design, development, prototyping, manufacturer management, certification process management and supply for global markets. Hydrix digital technologies focuses on developing IoT solutions to solve complex customer problems.

Hydrix Medical which distributes cardiac monitoring and diagnostic medical device technologies. During the first half year, it continued to expand its range of products for distribution and completed its first five sales of the AngelMed Guardian product for implant in Singapore. Hydrix Medical entered into an exclusive agreement with Phyzhon Health Inc, for the rights to distribute Phyzhon's PHYRARI FFR-WIRE product in Australia and New Zealand. The product is primarily for use by interventional cardiologists during procedures which manage blockages in coronary arteries, including patients who have suffered a heart attack.

Hydrix Ventures which makes investments in high potential Hydrix Services clients to generate equity capital gains on investments where it can directly leverage the entity's powerful product innovation capability. It made further early-stage investments during the first half, which included increasing its holdings in Gyder Surgical Pty Ltd and Cyban Pty Ltd.

The consolidated entity has approximately 60 employees and its headquarters are located in Mulgrave, Victoria Australia.

Review of operations

During the first half, the consolidated entity experienced disruptions from COVID-19 related matters, including slowdowns and deferrals of some Hydrix Services client projects and slowdown in various approval pathways for Hydrix Medical devices.

Hydrix Services revenue generating activities including domestic and international sales, marketing and business development were significantly impacted due to restrictions and cancellations in global travel, trade shows and conference events, and reductions in face to face client meetings.

In response to impacts on short term revenue generating activities, the core business lowered operating costs by temporarily reducing wages, building lease and discretionary costs, and accessing government stimulus cost-offset programs.

While various discretionary expenditures were paused, we continued employee training and development, and internal developments to advance proprietary engineering systems which increase the value of our client project management systems and product innovation capability. It is important we retain, develop, and incentivise the consolidated entity's highly skilled and talented engineering and regulatory team, and talent mix to leverage the Group's powerful product innovation strategy.

The consolidated entity continued to make progress with its 'buy, build, invest' strategy through the expansion of activities in the Hydrix Medical and Hydrix Ventures.

The Hydrix Medical business recorded its first revenue from five product sales of the AngelMed Guardian device in Singapore and continues to make progress towards commercial market readiness of the Guardian System in Australia under early access schemes. The purpose of these pre-Regulatory approval early access schemes is to accelerate market awareness and adoption ahead of full regulatory submission and approval under the Therapeutic Goods Administration (TGA).

Hydrix Medical incurred operating expenses relating to cost of goods sold, regulatory and reimbursement approval application processes, general management and field clinical engineering personnel, sales, and marketing initiatives to build market awareness and drive future demand of the AngelMed Guardian and Phyzhon Health cardiac devices.

In October, Hydrix Medical entered into an exclusive agreement with Phyzhon Health Inc, to distribute Phyzhon's PHYRARI FFR-WIRE product in Australia and New Zealand and entered to an arrangement to conduct first-in-human (FIH) clinical trials.

Hydrix Medical's emerging position bringing cardiac medical technologies to market is expected to be an important driver of future value for the consolidated entity.

Hydrix Ventures continued to invest in MedTech clients which include an orthopaedic surgical tool for hip replacements, an implantable heart attack alert device, and a non-invasive brain trauma injury monitoring device. For each of these clients, Hydrix Services provided arms-length design, engineering, and regulatory services.

Review of financials

For the six months to 31 December 2020, the consolidated entity total revenues of $5,090,482 (including Other Income) decreased by 38% over the prior year period (December 2019: $8,187,802).

The operating loss before income tax for the consolidated entity of $4,824,022 increased by 195% compared to the prior year period (December 2019: $1,635,603). This loss included a $1,269,400 non-cash, one-time impairment write-off to Goodwill, and other non-cash expenses totalling $1,435,880 (December 2019: $642,407) pertaining to depreciation and amortisation, share based payments, impairment of receivables, fair value losses on financial instruments and contingent consideration liabilities, expensed capitalised transaction costs on warrant shares, unrealised foreign exchange gains, and reductions in carrying amounts of lease liabilities resulting from COVID-19 rent concessions. Hydrix Medical and other discretionary 'buy, build, invest' initiatives contributed $750,456 to the total operating loss excluding the non-cash expenses noted above (December 2019: $364,432).

As noted in the Financial Accounts, management assessed the carrying value of intangible assets as it is required to do under generally accepted accounting standards, and after taking into consideration various factors, concluded the intangible asset pertaining to Goodwill arising on acquisition of Hydrix Services in November 2017 is at risk of being impaired. While the revenue pipeline of the business remains healthy above $50 million, Hydrix Services revenues have been impacted by COVID. Management expects this situation will improve as global vaccinations are completed and business investment improves, however, the fluidity of COVID over the near term increases the risks of impairment. As such, management deemed it prudent to recognise the impairment risk and write the Goodwill off. The long-term prospects of the Group remain strong, and the powerful product innovation capability of Hydrix Services is an important part of the long-term growth strategy and competitive advantage of the Group.

Cash used in operating activities by the consolidated entity for the reporting period was $700,661 (31 December 2019 $207,524) and net cash from financing activities was $8,549,339 (31 December 2019 $3,148,411).

Cash receipts during the half-year which support the working capital requirements and strategic growth initiatives of the consolidated entity included:
- $5,077,699 receipts from customers
- $12,728,905 net receipts from share issue transactions, and
- $3,526,664 net repayments of borrowings

The consolidated entity's cash position was $9,215,639 at 31 December 2020, compared to $1,690,194 at 30 June 2020. The main uses of cash were to repay borrowings, support the principal activities of the business, and the Company's strategic growth initiatives.

In July 2020, the consolidated entity raised $3,040,647 through a 1-for-3 fully underwritten entitlement offer and placement issuing 40,541,960 shares of new common stock priced at $0.075c per share, each issued with 1-for-3 attaching Options or 13,513,987 Options. There were a further 11,847,325 Options granted to corporate advisers and sub-underwriters. All Options have a strike price of $0.12 per share and an expiration date of 31 July 2022. During the period 5,800,659 of these Options were exercised, raising a further $696,079.

In November 2020, the consolidated entity raised $10,000,000 through a Placement offer issuing 35,714,286 shares of new common stock priced at $0.28c per share.

Outlook for full financial year 2021

The long-term business prospects for the consolidated entity remain strong taking into consideration several factors,
- cash on hand at 31 December 2020 of $9,215,639;
- the strong client design and engineering project pipeline of more than $50 million at 31 December 2020;
- future product revenue and gross profit margins from Hydrix Medical distribution of cardiovascular products; and
- potential for capital gains from investments made by Hydrix Ventures in high potential clients.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the half-year

On 14 January 2021 the consolidated entity received a request from a major shareholder to repay $500,000 of borrowings. The repayment was subsequently completed on 16 February 2021 with the balance of the loan remaining repayable on 31 December 2022 or such later date as agreed by the parties.

On 12 February 2021 the Victorian Government made public health and safety directions that required the consolidated entity to reduce its on-site operations for a period of 5 days due to the COVID-19 pandemic. The consolidated entity's business remains operational after complying with the additional restrictions, with most employees having already transitioned to working from home. Where work is permitted on-site, the consolidated entity continues to operate with processes and protocols in place to support the safety and wellbeing of our employees.

Rounding of amounts

The company is of a kind referred to in *Corporations Instrument 2016/191,* issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001.*

On behalf of the directors

Mr Gavin Coote
Executive Chairman
26 February 2021
Melbourne

Collins Square, Tower 5
727 Collins Street
Docklands VIC 3008

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration

To the Directors of Hydrix Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Hydrix Limited for the half year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

A C Pitts
Partner – Audit & Assurance

Melbourne, 26 February 2021

Hydrix Limited
Consolidated Statement of Profit & Loss and Other Comprehensive Income
For the half-year ended 31 December 2020

	Note	Consolidated 31 Dec 2020 $	Consolidated 31 Dec 2019 $
Revenue			
Revenue	3	5,090,482	8,187,802
Interest revenue		4,778	341
		5,095,260	**8,188,143**
Operating expenses			
Employee benefits expense		(4,551,357)	(6,035,352)
Project material expenses		(673,940)	(880,232)
Cost of sales		(30,236)	-
Depreciation and amortisation expense		(574,242)	(570,330)
Finance costs	4	(848,856)	(639,762)
Rental expense		21,388	(78,928)
Selling, advertising and distribution expenses		(61,268)	(256,032)
Research and development expenses		-	(2,237)
Other expenses	4	(1,201,428)	(1,339,123)
Share based payment expenses	16	(220,580)	(10,602)
Impairment of goodwill		(1,269,400)	-
Impairment of receivables		(43,907)	16,675
Gain/(Loss) on financial instruments at fair value through profit or loss	4	(549,968)	173,829
Gain/(Loss) on contingent consideration liability		(190,486)	-
Impairment of plant and equipment		-	(201,652)
Unrealised foreign exchange Gain/(Loss)		274,998	-
		(9,919,282)	**(9,823,746)**
Loss before income tax expense		**(4,824,022)**	**(1,635,603)**
Income tax (expense)/ benefit		-	(41,293)
Loss after income tax expense		**(4,824,022)**	**(1,676,896)**
Other comprehensive income			
Items that will not be reclassified susequently to profit or loss:			
Movement in fair value of long term equity investments		-	11,277
Movement in functional currency of foreign operations		(1,742)	-
Total comprehensive loss for year attributable to the Owners of Hydrix Limited		**(4,825,764)**	**(1,665,619)**
Loss per share		**Cents**	**Cents**
Basic and diluted earnings per share (cents per share)	15	(3.91)	(2.41)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Hydrix Limited
Consolidated Statement of Financial Position
As at 31 December 2020

	Note	Consolidated 31 Dec 2020 $	Consolidated 30 June 2020 $
Current assets			
Cash and cash equivalents		9,215,639	1,690,194
Trade and other receivables	**5**	1,342,908	3,088,210
Contract assets	**7**	739,871	681,832
Prepayments		233,582	140,278
Inventory		5,616	-
Total current assets		**11,537,616**	**5,600,514**
Non-current assets			
Financial assets at fair value through profit & loss	**8**	3,062,127	2,234,704
Plant and equipment		376,861	328,031
Right of use assets	**12**	2,307,290	2,538,019
Intangible assets	**6**	6,437,357	7,875,857
Other assets		87,754	20,768
Security deposits		424,980	424,980
Total non-current assets		**12,696,369**	**13,422,359**
Total Assets		**24,233,985**	**19,022,873**
Current liabilities			
Trade and other payables		764,660	1,247,101
Contract liabilities	**7**	1,467,880	1,291,008
Borrowings	**10**	-	276,664
Derivative liabilities	**11**	1,228,185	450,782
Employee benefits		639,571	734,011
Lease liabilities	**12**	545,946	507,294
Other liabilities	**9**	1,355,196	120,000
Total current liabilities		**6,001,438**	**4,626,860**
Non-current liabilities			
Borrowings	**10**	2,750,000	5,742,597
Employee benefits		232,245	248,931
Lease liabilities	**12**	3,398,640	3,393,824
Provisions		191,713	190,209
Other liabilities	**9**	1,204,774	2,524,482
Total non-current liabilities		**7,777,372**	**12,100,043**
Total Liabilities		**13,778,810**	**16,726,903**
Net Assets		**10,455,175**	**2,295,970**
Equity			
Issued capital	**13**	95,399,053	82,506,939
Reserves	**14**	1,580,411	1,814,874
Accumulated losses		(86,524,289)	(82,025,843)
Total Equity		**10,455,175**	**2,295,970**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Hydrix Limited
Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2020

Consolidated	Issued Capital $	Reserves $	Accumulated Losses $	Total $
Balance at 1 July 2019	79,276,500	810,437	(78,950,429)	1,136,508
Loss after income tax expense for the half-year	-	-	(1,676,896)	(1,676,896)
Other comprehensive income, net of tax	-	11,277	-	11,277
Total comprehensive loss for the half-year	-	11,277	(1,676,896)	(1,665,619)
Transactions with owners in their capacity as owners:				
Share based payments expense		10,602	-	10,602
Exercised options / performance rights	355,000	(355,000)	-	-
Expired options	-	(175,191)	175,191	-
Contributions of equity, net of transaction costs	2,464,825	-	-	2,464,825
Balance at 31 December 2019	**82,096,325**	**302,125**	**(80,452,134)**	**1,946,316**

Consolidated	Issued Capital $	Reserves $	Accumulated Losses $	Total $
Balance at 1 July 2020	82,506,939	1,814,874	(82,025,843)	2,295,970
Loss after income tax expense for the half-year	-	-	(4,824,022)	(4,824,022)
Other comprehensive income, net of tax	-	(1,742)	-	(1,742)
Total comprehensive loss for the half-year	-	(1,742)	(4,824,022)	(4,825,764)
Transactions with owners in their capacity as owners:				
Share based payments expense	17,725	202,855	-	220,580
Exercised options / performance rights	111,523	(115,403)	5,403	1,523
Expired options	-	(320,173)	320,173	-
Contributions of equity, net of transaction costs	12,762,866	-	-	12,762,866
Balance at 31 December 2020	**95,399,053**	**1,580,411**	**(86,524,289)**	**10,455,175**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Hydrix Limited
Consolidated Statement of Cash Flows
For the half-year ended 31 December 2020

	Note	31 Dec 2020 $	31 Dec 2019 $
Cash Flows from operating activities			
Receipts from customers (including GST)		5,077,699	9,501,272
Payments to suppliers and employees (including GST)		(7,098,626)	(9,708,796)
Receipt of government grants		1,320,266	-
Net cash used in operating activities		**(700,661)**	**(207,524)**
Cash Flows from investing activities			
Payments for plant and equipment		(92,513)	(39,109)
Payments for intangible assets		(130,730)	-
Payments for investments		(99,990)	-
Net cash used in investing activities		**(323,233)**	**(39,109)**
Cash Flows from financing activities			
Proceeds from issue of shares		13,738,250	2,567,700
Share issue transaction costs		(1,009,345)	(200,075)
Proceeds from borrowings		-	4,678,235
Borrowing transaction costs		-	(120,000)
Repayments of borrowings		(3,526,664)	(3,052,025)
Interest received		4,778	341
Interest and other finance costs paid		(633,086)	(303,266)
Repayments of lease liabilities		(24,594)	(422,499)
Net cash flow from financing activities		**8,549,339**	**3,148,411**
Net increase/(decrease) in cash and cash equivalents		7,525,445	2,901,778
Cash and cash equivalents at the beginning of the financial half-year		1,690,194	234,627
Cash and cash equivalents at end of the financial half-year		**9,215,639**	**3,136,405**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

1 Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and derivatives.

New or amended Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2020-4 Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions
The consolidated entity applied AASB 2020-4 for the first time from 1 July 2020. AASB 2020-4 makes amendments to AASB 16 Leases to provide a practical expedient that permits lessees not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications.

Revenue recognition
The consolidated entity recognises revenue as follows:

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Fair value measurement of financial instruments
The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 2 and level 3 are determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

1 Significant accounting policies (continued)

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 31 December 2020 and 30 June 2020.

	Level 1	Level 2	Level 3	Total
31 December 2020	**$**	**$**	**$**	**$**
Financial assets				
Listed ordinary shares	52,056	-	-	52,056
Gyder Surgical Pty Ltd convertible note			250,000	250,000
Investment in Gyder Surgical Pty Ltd	-	-	835,071	835,071
Investment in Angel Medical Systems, Inc.			1,625,000	1,625,000
Investment in Cyban Pty Ltd			300,000	300,000
Total financial assets recognised at fair value	**52,056**	**-**	**3,010,071**	**3,062,127**
Financial liabilities				
Embedded derivative liability	-	1,228,185	-	1,228,185
Total financial liabilities recognised at fair value	**-**	**1,228,185**	**-**	**1,228,185**

	Level 1	Level 2	Level 3	Total
30 June 2020	**$**	**$**	**$**	**$**
Financial assets				
Listed ordinary shares	30,224	-	-	30,224
Investment in Gyder Surgical Pty Ltd	-	-	379,470	379,470
Investment in Angel Medical Systems, Inc.			1,625,000	1,625,000
Investment in Cyban Pty Ltd			200,010	200,010
Total financial assets recognised at fair value	**30,224**	**-**	**2,204,480**	**2,234,704**
Financial liabilities				
Embedded derivative liability	-	450,782	-	450,782
Total financial liabilities recognised at fair value	**-**	**450,782**	**-**	**450,782**

There were no transfers between Level 1, Level 2, and Level 3 during the six month period to 31 December 2020.

The valuation techniques used for instruments categorised in Levels 2, and 3 are described below:

Embedded derivative liability (Level 2)
A Black-Scholes model has been used as a valuation technique to value the embedded derivative liability.

Gyder Surgical Pty Ltd convertible note (Level 3)
Management determined the fair value of this investment by reference to the number of notes held and the face value of each note. Gyder Surgical Pty Ltd is a private company and its valuation is less prone to fluctuations in response to economic and business developments or general market sentiment as compared to a public company.

Investment in Gyder Surgical Pty Ltd (Level 3)
Management determined the fair value of this investment by reference to the issue price achieved during its last capital raise during September 2020. Gyder Surgical Pty Ltd is a private company and its valuation is less prone to fluctuations in response to economic and business developments or general market sentiment as compared to a public company.

Investment in Angel Medical Systems, Inc. (Level 3)
Management determined the fair value of this investment by reference to the issue price of Series A Preferred Stock achieved during its last capital raise during the year ended 31 December 2020. Angel Medical Systems, Inc. is a private company and its valuation is less prone to fluctuations in response to economic and business developments or general market sentiment as compared to a public company.

Investment in Cyban Pty Ltd (Level 3)
Management determined the fair value of this investment by reference to the issue price achieved during its last capital raise during July 2020. Cyban Pty Ltd is a private company and its valuation is less prone to fluctuations in response to economic and business developments or general market sentiment as compared to a public company.

1 Significant accounting policies (continued)

Critical Accounting Estimates, Assumptions and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions applied in the Interim Financial Statements, including the key sources of estimation uncertainty, were the same as those applied in the consolidated entity's last Annual Financial Statements for the year ended 30 June 2020, except for the following:

(i) Fair value measurement of non-cash consideration - revenue recognition

To determine the transaction price for contracts in which a customer promises consideration in a form other than cash, the consolidated entity measures the non-cash consideration (or promise of non-cash consideration) at fair value on contract inception date.

At the end of each reporting period, the consolidated entity updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period. The consolidated entity accounts for changes in the transaction price by recognising as revenue, or as a reduction of revenue, amounts allocated to satisifed performance obligations, in the period in which the transaction price changes.

2 Operating Segments

Identification of reportable operating segments

The consolidated entity is organised into three operating segments based on the internal reports that are reviewed and used by the Board of Directors [who are identified as the Chief Operating Decision Makers ('CODM')] in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the CODM, who are responsible for the allocation of resources to operating segments and assessing their performance.

The consolidated entity's operations are in two geographical locations, being Australia and Singapore.

Operating Segment Information

Consolidated - 31 Dec 2020	**Hydrix Services $**	**Hydrix Medical $**	**Hydrix Digital $**	**Hydrix Ventures $**	**Total Operations $**
Revenue					
Sales to external customers	3,652,589	51,873	-	-	3,704,462
Other revenue	1,258,346	31,174	-	-	1,289,520
Total Segment revenue	4,910,935	83,047	-	-	4,993,982
Unallocated revenue:					
Other revenue	-	-	-	-	96,500
Interest revenue	-	-	-	-	4,778
Total Segment Revenue	4,910,935	83,047	-	-	5,095,260
EBITDA	60,643	(381,959)	(361,761)	(91)	(683,168)
Unallocated EBITDA					(545,404)
Total EBITDA					(1,228,572)
Finance costs	(200,620)	-	-	-	(200,620)
Depreciation and amortisation	(567,193)	(6,736)	-	-	(573,929)
Impairment of goodwill	(1,269,400)	-	-	-	(1,269,400)
Impairment of receivables	(43,907)	-	-	-	(43,907)
Gain/(Loss) on financial instruments at FVTPL	-	-	-	227,435	227,435
Gain/(Loss) on contingent consideration liability	-	(190,486)	-	-	(190,486)
Unrealised foreign exchange Gain/(Loss)	-	274,998	-	-	274,998
Contract asset write offs (c/fwd from FY20)	(173,010)	-	-	-	(173,010)
Unallocated expenses:					
Finance costs	-	-	-	-	(648,236)
Depreciation and amortisation	-	-	-	-	(313)
Share based payment expenses	-	-	-	-	(220,580)
Gain/(Loss) on financial instruments at FVTPL	-	-	-	-	(777,403)
Profit/(Loss) before income tax expense	(2,193,487)	(304,183)	(361,761)	227,344	(4,824,022)
Income tax (expense)/ benefit	-	-	-	-	-
(Loss) after income tax expense	(2,193,487)	(304,183)	(361,761)	227,344	(4,824,022)
Assets					
Segment assets	7,371,489	4,533,599	-	3,062,553	14,967,641
Unallocated assets:					
Cash and cash equivalents	-	-	-	-	9,215,639
Other assets	-	-	-	-	50,705
Total assets	7,371,489	4,533,599	-	3,062,553	24,233,985
Liabilities					
Segment liabilities	7,058,024	2,496,713	-	-	9,554,737
Unallocated liabilities:					
Borrowings	-	-	-	-	2,750,000
Other liabilities	-	-	-	-	1,474,073
Total liabilities	7,058,024	2,496,713	-	-	13,778,810

During the prior period, the consolidated entity was considered to be a single operating segment.

3 Revenue

	Consolidated	
	31 Dec 2020	**31 Dec 2019**
	$	**$**
Revenue from contracts with customers		
Rendering of services	3,047,715	7,615,532
Project materials and travel recovered	534,734	488,032
Support and maintenance	70,140	73,738
Sales of AngelMed Guardian System	51,873	-
	3,704,462	8,177,302
Other income		
Rental income	-	10,500
Government grant	1,367,712	-
Other income	18,308	-
	1,386,020	10,500
Revenue	**5,090,482**	**8,187,802**

4 Expenses

	Consolidated	
(Loss) before income tax includes the following specific expenses:	**31 Dec 2020**	**31 Dec 2019**
	$	**$**
Finance costs		
Interest expense on lease liabilities	197,680	212,975
Pure Asset Management facility fees	411,487	111,712
Interest on loans	239,689	315,075
Total finance costs	**848,856**	**639,762**
Gain/(Loss) on financial instruments at fair value through profit or loss		
Gain/(Loss) on derivatives	(777,403)	173,829
Gain/(Loss) on financial assets	227,435	-
	(549,968)	**173,829**
Other expenses		
Bad debts written off	173,010	74,508
Consultancy charges	208,063	151,036
Corporate advisory transaction costs	-	305,055
Directors' fees	95,783	102,000
Insurance	64,370	54,718
Investor relations	36,282	1,653
IT related expenses	169,735	182,958
Legal and professional charges	234,027	146,211
Listing fees and share register maintenance	78,509	73,822
Recruitment fees	7,690	106,550
Regulatory Fees	74,130	19,800
Travelling costs	1,631	82,621
Administration expenses	58,198	38,191
Total other expenses	**1,201,428**	**1,339,123**

5 Trade and other receivables

	Consolidated	
	31 Dec 2020	**30 June 2020**
Current	**$**	**$**
Trade receivables	1,333,936	2,998,012
Less: Allowance for expected credit losses	(241,156)	(197,249)
	1,092,780	2,800,763
GST receivable	60,878	21,437
Other receivables	189,250	266,010
	1,342,908	**3,088,210**

Allowance for expected credit losses

The consolidated entity has recognised a loss of $43,907 in profit or loss in respect of the expected credit losses for the year ended 31 December 2020 (30 June 2020: loss of $197,249).

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate	Carrying amount	Allowance for expected credit losses
	31 Dec 2020	**31 Dec 2020**	**31 Dec 2020**
Consolidated	**%**	**$**	**$**
Not overdue	1%	618,255	4,166
0 to 3 months overdue	0%	56,140	-
3 to 6 months overdue	14%	306,527	43,789
Over 6 months overdue	55%	353,014	193,201
		1,333,936	**241,156**

6 Intangible assets

	Consolidated 31 Dec 2020 $	Consolidated 30 June 2020 $
Distribution Rights (i)	4,459,426	4,459,426
Less: Accumulated amortisation (ii)	-	-
	4,459,426	4,459,426
Goodwill	1,269,400	1,269,400
Less: Impairment	(1,269,400)	-
	-	1,269,400
Software - at cost	111,205	111,205
Less: Accumulated amortisation	(106,227)	(100,065)
	4,978	11,140
Brand Name	525,000	525,000
Less: Impairment	-	-
	525,000	525,000
Customer Contracts & Relationships	536,000	536,000
Less: Accumulated amortisation	(209,536)	(176,036)
	326,464	359,964
Software - CHEF Framework	2,601,663	2,470,933
Less: Accumulated amortisation	(1,480,174)	(1,220,006)
	1,121,489	1,250,927
	6,437,357	**7,875,857**

Distribution Rights
The distribution rights is a finite life asset which is not yet available for use. The recoverable amount of the distribution rights has been determined using fair value less cost of disposal.

(i) On the 13th of March 2020 the consolidated entity entered into an agreement to acquire the exclusive Asia Pacific distribution rights for the AngelMed Guardian System payable with a mix of upfront and contingent consideration. The distributions rights were measured based on the cost of shares issued and fair value of the contingent consideration on acquisition date. The contingent consideration is payable in three tranches upon receipt of FDA and other applicable regulatory approvals of AngelMed's next generation product.

(ii) No amortisation has been recognised on the distribution rights for the AngelMed Guardian System given the Distribution and Supply agreement continues in force for seven years, with year one starting no earlier than the 1st of January 2021.

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Distribution Rights $	Goodwill $	Brand Name $	Customer Contracts $	Software including CHEF $	Total $
Balance as at 1 Jul 2020	4,459,426	1,269,400	525,000	359,964	1,262,067	7,875,857
Additions	-	-	-	-	130,730	130,730
Impairment expense	-	(1,269,400)	-	-	-	(1,269,400)
Amortisation expense	-	-	-	(33,500)	(266,330)	(299,830)
Balance as at 31 Dec 2020	**4,459,426**	**-**	**525,000**	**326,464**	**1,126,467**	**6,437,357**

7 Contract assets and contract liabilities

	31 Dec 2020	30 June 2020
	$	$
Contract assets		
Current	**739,871**	**681,832**

The value of contract assets at the end of the reporting period was $739,871 (30 June 2020: $681,832) and is expected to be invoiced in future periods as follows:

	31 Dec 2020	30 June 2020
Consolidated	$	$
Within 6 months	739,871	681,832
6 to 12 months	-	-
12 to 18 months	-	-
18 to 24 months	-	-
	739,871	**681,832**

	31 Dec 2020	30 June 2020
	$	$
Contract liabilities		
Current	**1,467,880**	**1,291,008**

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $1,467,880 as at 31 December 2020 ($1,291,008 as at 30 June 2020) and is expected to be recognised as revenue in future periods as follows:

	31 Dec 2020	30 June 2020
Consolidated	$	$
Within 6 months	773,841	765,166
6 to 12 months	694,039	525,842
12 to 18 months	-	-
18 to 24 months	-	-
	1,467,880	1,291,008

8 Financial assets at fair value through profit & loss

	31 Dec 2020	30 June 2020
	$	$
Listed ordinary shares	52,056	30,224
Unlisted ordinary shares	2,760,071	2,204,480
Convertible Note	250,000	-
	3,062,127	**2,234,704**

Reconciliation

Reconciliation of the fair values at the beginning and end of the current financial year are set out below:

	Unlisted ordinary	Listed ordinary shares	Convertible Note	Total
	$	$	$	$
Opening fair value as at 1 July 2020	2,204,480	30,224	-	2,234,704
Additions (i) (ii) (iii)	349,988	-	250,000	599,988
Revaluation increments/(decrements)	205,603	21,832	-	227,435
Closing fair value as at 31 December 2020	**2,760,071**	**52,056**	**250,000**	**3,062,127**

(i) During July 2020 the consolidated entity acquired 3,333 shares of Series A stock in Cyban Pty Ltd for $99,990.

(ii) During September 2020 the consolidated entity received 4,446 ordinary shares in Gyder Surgical Pty Ltd valued at $249,998 as payment for services rendered.

(iii) During July 2020 the consolidated entity entered into a convertible note agreement with Gyder Surgical Pty Ltd with a total issue price of $250,000.

9 Other liabilities

	31 Dec 2020	30 June 2020
	$	$
Current		
Customer deposits	120,000	120,000
Contingent consideration liability	1,235,196	-
	1,355,196	**120,000**
Non - Current		
Contingent consideration liability	1,204,774	2,524,482
	1,204,774	**2,524,482**

Contingent consideration liability

The contingent consideration for the Asia Pacific distribution rights of the AngelMed Guardian System (refer to Note 6) is payable in three tranches upon receipt of FDA and other applicable regulatory approvals of AngelMed's next generation product.

Accounting Policy - Other liabilities

Contingent consideration liability

The contingent consideration liability is measured based on management's estimate of the expected cash outflows and the probability of meeting the milestones in accordance with the terms of the acquisition of AngelMed Distribution Rights agreement (see Note 6). The liability also factors in the time value of money at acquisition date and period-end; the discount rates applied were 10% and 6% respectively.

10 Borrowings

	Consolidated	
	31 Dec 2020	**30 June 2020**
Current	**$**	**$**
Shareholder loans - Unsecured	-	-
Pure Asset Management loan - Secured	-	250,000
BOQ Finance	-	26,664
	-	**276,664**
Non-Current		
Shareholder loans - Unsecured	2,750,000	2,750,000
Pure Asset Management loan - Secured	-	3,250,000
Less: Capitalised Transaction Costs / Warrant Shares	-	(257,403)
	2,750,000	**5,742,597**

Total secured liabilities including assets pledged as security

An unsecured loan facility of $1,750,000 with a 6% p.a. interest rate has been provided by a major shareholder. As at 31 December 2020, this loan was fully drawn. On 16 February 2021 $500,000 of the loan was repaid with the remainder of the loan being repayable on 31 December 2022 or such later date as agreed by the parties.

A separate unsecured loan facility of $1,000,000 with a 6% p.a. interest rate has been provided by a shareholder. As at 31 December 2020, this loan was fully drawn. This loan is repayable on 17 March 2022 or such later date as agreed by the parties.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	31 Dec 2020	**30 June 2020**
	$	**$**
Total facilities		
Pure Asset Management	-	3,500,000
Shareholder loans	2,750,000	2,750,000
	2,750,000	**6,250,000**
Used at the reporting date		
Pure Asset Management	-	3,500,000
Shareholder loans	2,750,000	2,750,000
	2,750,000	**6,250,000**
Unused at the reporting date		
Pure Asset Management	-	-
Shareholder loans	-	-
	-	**-**

11 Derivative liability

In December 2019, 8,000,000 warrant shares were issued to Pure Asset Management as interest consideration on the borrowings. The warrants have an exercise price of $0.30 and expiry date of 17 December 2023. Refer to Note 10 for details on the borrowings.

The fair value of the embedded derivative liability was determined using the Black-Scholes model using the following inputs as at 31 December 2020:

	31 Dec 2020	**30 June 2020**
Share price at measurement date	$0.260	$0.09
Expected volatility	100.000%	90.000%
Dividend yield	0.000%	0.000%
Risk-free interest rate	1.169%	1.470%
Carrying amount of liability	$1,228,185	$450,782

12 Leasing

The consolidated entity leases an office building. The lease liability is secured by the related underlying right-of-use asset. Future minimum lease payments at 31 December 2020 were as follows:

	Minimum lease payments due			
	Within one year	**One to five years**	**After five years**	**Total**
	$	**$**	**$**	**$**
31 December 2020				
Lease payments	916,885	4,153,794	-	5,070,679
Finance charges	(370,939)	(755,154)	-	(1,126,093)
Net present values	**545,946**	**3,398,640**	**-**	**3,944,586**

Set out below are the carrying amounts of the consolidated entity's right-of-use assets:

	Property
	$
Right-of-use assets	2,999,477
Amortisation	(692,187)
	2,307,290

13 Issued capital

	Consolidated			
	31 Dec 2020	**30 June 2020**	**31 Dec 2020**	**30 June 2020**
	Shares	**Shares**	**$**	**$**
Ordinary shares - fully paid	162,531,454	79,622,263	95,399,053	82,506,939

Movements in ordinary share capital

	Date	**Shares**	**Issue price**	**$**
Balance	1-Jul-20	79,622,263		82,506,939
Issue of shares to employees under company's LTIP	30-Jul-20	50,000	$0.09	4,600
Issue of shares under rights issue	30-Jul-20	26,541,959	$0.08	1,990,647
Issue of shares under option	21-Aug-20	950,000	$0.12	114,000
Issue of shares under option	28-Aug-20	3,000,000	$0.15	446,473
Issue of shares under option	28-Aug-20	1,173,402	$0.12	140,808
Issue of shares under option	3-Sep-20	94,625	$0.12	11,355
Issue of shares to employees under company's LTIP	4-Sep-20	37,500	$0.35	13,125
Issue of shares to employees under company's LTIP	16-Sep-20	7,813	$0.08	586
Issue of shares under placement	18-Sep-20	13,999,998	$0.08	1,050,000
Issue of shares to KMP in lieu of cash payments	18-Sep-20	344,476	$0.10	35,484
Issue of shares under option	24-Sep-20	51,134	$0.12	6,136
Issue of shares to employees under company's LTIP	2-Oct-20	12,500	$0.08	938
Issue of shares under option	6-Oct-20	500,000	$0.12	60,000
Issue of shares under option	25-Oct-20	28,000	$0.12	3,360
Issue of shares under placement	6-Nov-20	28,571,429	$0.28	8,000,000
Issue of shares to KMP	6-Nov-20	250,000	$0.28	68,750
Issue of shares under option	11-Nov-20	586	$0.12	70
Issue of shares under option	16-Nov-20	134	$0.12	16
Issue of shares under option	17-Dec-20	2,778	$0.12	334
Issue of shares under placement	17-Dec-20	7,142,857	$0.28	2,000,000
Issue of shares to KMP	17-Dec-20	150,000	$0.28	41,250
Share issue transaction costs				(1,095,818)
Balance	31-Dec-20	**162,531,454**		**95,399,053**

14 Equity - reserves

	Consolidated	
	31 Dec 2020	**30 June 2020**
	$	**$**
Share based payments reserve	262,153	494,874
Contingent consideration equity reserve	1,320,000	1,320,000
Foreign currency translation reserve	(1,742)	-
	1,580,411	**1,814,874**

Contingent consideration equity reserve

The reserve records contingent equity consideration for the acquisition of the Asia Pacific distribution rights for the AngelMed Guardian System (refer to Note 6). The contingent consideration is made up of both cash payments (refer to Note 9) and equity issues. The equity contingent consideration component meets the definition of an equity as it is expected to be settled in a fixed number of shares.

Movement in reserves

Movement in each class of reserve during the current and previous financial year are set out below:

	Contingent consideration equity reserve	**Share based payments reserve**	**Foreign currency translation reserve**	**Total Reserves**
	$	**$**	**$**	**$**
Balance at 30 June 2020	1,320,000	494,874	-	1,814,874
Share based payments	-	202,855	-	202,855
Removing prior year expired options	-	(320,173)	-	(320,173)
Performance rights / Options exercised	-	(115,403)	-	(115,403)
Movement in functional currency of foreign operations	-	-	(1,742)	(1,742)
Balance at 31 December 2020	**1,320,000**	**262,153**	**(1,742)**	**1,580,411**

15 Earnings per share

	Consolidated	
	31 Dec 2020	**31 Dec 2019**
	$	**$**
Loss after income tax attributable to the owners of Hydrix Limited	(4,824,022)	(1,676,896)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	123,491,013	69,625,745
Anti-dilutive shares excluded from weighted average number of ordinary shares:		
Options over ordinary shares	21,457,116	3,828,567
Warrant shares	8,000,000	8,000,000
Contingent equity consideration	12,000,000	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	123,491,013	69,625,745
	Cents	**Cents**
Basic and diluted loss per share	(3.91)	(2.41)

In addition to the 1,896,253 non-quoted options issued under the LTIP (refer to Note 16) the following HYDO options were in existence during the half-year:

Grant date	Expiry date	Exercise price	Balance at the start of the year	Options granted	Options exercised	Options expired/ forfeited	Balance at the end of the year
30-Jul-20	31-Jul-22	$0.120	-	8,847,531	2,800,659	-	6,046,872
31-Jul-20	31-Jul-22	$0.120	-	11,847,325	3,000,000	-	8,847,325
18-Sep-20	31-Jul-22	$0.120	-	4,666,666	-	-	4,666,666
			-	**25,361,522**	**5,800,659**	**-**	**19,560,863**

During July 2020 20,694,856 options were issued under the Entitlement and Underwriter Offer. On 18 September 2020 a further 4,666,666 options were issued under the Placement Offer. These options can be transferred and are quoted on the ASX (ASX: HYDO).

16 Share-based payments

On 31 July 2020 3,000,000 HYDO options with a fair value of $86,473 were granted to the lead underwriter of the Entitlement Offer. On 19 September 2020 344,476 shares were issued to Mr Paul Kelly in lieu of cash payments for fees at an issue price of $0.1030 per share and a total fair value of $35,484. On 6th November 2020 250,000 shares were issued to key management personnel with a total fair value of $68,750. A further issue of 150,000 shares with a total fair value of $41,250 was made to key management personnel on 17 December 2020 as identified in the issued capital disclosure (refer to note 13).

Recognised share-based payment expenses

The expense recognised from employee services received during the year is shown in the table below:

	Consolidated	
	31 Dec 2020	**31 Dec 2019**
	$	**$**
Expenses arising from equity-settled share-based payment transactions	220,580	10,602

Types of share-based payment plan

Employee Share Option Plan, 'ESOP'

A Long Term Incentive Plan (LTIP) has been established and approved by shareholders where the Company may, at the discretion of the Board, grant options over the ordinary shares of Hydrix Limited to Directors, Executives, contractors and employees of the consolidated entity. The exercise of the options are subject to time-based and performance-based vesting conditions. The options cannot be transferred and will not be quoted on the ASX.

The following non-quoted options were in existence during the half-year:

Grant date	Expiry date	Exercise price	Balance at the start of the year	Options granted	Options exercised	Options expired/ forfeited	Balance at the end of the year
7-Aug-18	31-Jul-20	$0.800	2,250,000	-	-	2,250,000	-
9-Nov-18	31-Jul-20	$0.800	875,000	-	-	875,000	-
9-Mar-20	30-Jun-25	$0.290	703,567	-	-	120,752	582,815
8-Sep-20	30-Jun-25	$0.075	-	878,038	7,813	126,787	743,438
2-Oct-20	30-Jun-25	$0.075	-	582,500	12,500	-	570,000
			3,828,567	**1,460,538**	**20,313**	**3,372,539**	**1,896,253**

The following performance rights were in existence during the half-year:

Grant date	Vesting date	Exercise price	Balance at the start of the year	Performance rights granted	Performance rights exercised	Performance rights expired/ lapsed	Balance at the end of the year
17-Dec-19	30-Jun-20	$0.00	250,000	-	250,000	-	-
17-Dec-19	30-Jun-20	$0.00	150,000	-	150,000	-	-
17-Dec-19	30-Jun-21	$0.00	250,000	-	-	-	250,000
17-Dec-19	30-Jun-21	$0.00	150,000	-	-	-	150,000
17-Dec-20	30-Jun-21	$0.00	-	250,000	-	-	250,000
17-Dec-20	30-Jun-22	$0.00	-	250,000	-	-	250,000
			800,000	**500,000**	**400,000**	**-**	**900,000**

17 Contingent liabilities

The consolidated entity had no contingent liabilities as at 31 December 2020 (2019: nil).

18 Events after the reporting period

On 14 January 2021 the consolidated entity received a request from a major shareholder to repay $500,000 of borrowings. The repayment was subsequently completed on 16 February 2021 with the balance of the loan remaining repayable on 31 December 2022 or such later date as agreed by the parties.

On 12 February 2021 the Victorian Government made public health and safety directions that required the consolidated entity to reduce its on-site operations for a period of 5 days due to the COVID-19 pandemic. The consolidated entity's business remains operational after complying with the additional restrictions, with most employees having already transitioned to working from home. Where work is permitted on-site, the consolidated entity continues to operate with processes and protocols in place to support the safety and wellbeing of our employees.

Hydrix Limited
Directors' Declaration
31 December 2020

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001,* Australian Accounting Standard AASB 134 'Interim Financial Reporting', the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date;

- there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors

Mr Gavin Coote
Executive Chairman
26 February 2021
Melbourne

Grant Thornton

Collins Square, Tower 5
727 Collins Street
Docklands VIC 3008

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Review Report

To the Members of Hydrix Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Hydrix Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the Directors' declaration.

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year 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 half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group’s financial position as at 31 December 2020 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

A C Pitts
Partner – Audit & Assurance

Melbourne, 26 February 2021