

**HEXIMA LIMITED**  
**ABN 64 079 319 314**

**INTERIM CONSOLIDATED FINANCIAL REPORT**

**For the six months ended**

**31 December 2014**

**TABLE OF CONTENTS**

Directors' Report	<b>3</b>
Statement of Comprehensive Income	<b>5</b>
Statement of Financial Position	<b>6</b>
Statement of Changes in Equity	<b>7</b>
Statement of Cash Flows	<b>8</b>
Notes to the Financial Statements	<b>9</b>
Directors' Declaration	<b>17</b>
Independent Auditor's Review Report	<b>18</b>
Lead Auditor's Independence Declaration	<b>20</b>

**HEXIMA LIMITED**  
**ABN 64 079 319 314**

**DIRECTORS' REPORT**

The Directors present their report of Hexima Limited ("the Company") for the six months ended 31 December 2014 and the review report thereon.

**DIRECTORS**

The Directors of the Company at any time during or since the end of the interim period are:

**Executive**

Mr Ross Dobinson	Executive Chairman	Director since 21 July 2010 Resigned effective 17 November 2014
Professor Marilyn A Anderson	Executive Director/Chief Science Officer	Director since 23 November 2010
Dr Nicole van der Weerden	Executive Director/Chief Operating Officer	Director since 16 December 2014

**Non-Executive**

Mr Steven M Skala AO	Non-Executive Director	Director since 17 May 2002, Chairman 2002 until 30 June 2008 and 2 Oct 2009 until 21 July 2010
Mr Hugh M Morgan AC	Non-Executive Director	Director since 10 May 2007 Retired effective 18 November 2014
Professor Jonathan West	Non-Executive Director	Director since 7 November 2005 Appointed Non Executive Chairman 18 November 2014

**REVIEW OF OPERATIONS**

**Financial**

Hexima's principal activity comprises research, development and commercialisation of technology for the genetic modification of crops, primarily to enhance their resistance to insects and fungal pathogens. The Company seeks to commercialise its technology platforms in partnership with global agricultural companies.

As at 31 December 2014, the Group had approximately \$7.5 million in cash and receivables. This equates to approximately 3 years of funding. The government's R&D Tax Credit legislation provides Hexima with approximately \$2.3m cash per annum based on current R&D expenditure.

Net cash inflow for the six months was \$0.333 million compared with net cash outflow of \$2.853 million in the prior corresponding period. This is due primarily to the difference in timing of receipt of the R&D Tax Credit funds. The 2012/13 credit was received in February 2014, whilst the 2013/14 credit was received in December 2014.

Hexima recorded a loss of \$1.491 million for the six months ended 31 December 2014, compared to a loss of \$1.405 million for the previous corresponding period.

Net finance income for the six months ended 31 December 2014 was \$0.073 million compared with \$0.100 million for the previous corresponding period. This result reflects the lower funds on term deposit.

**Operations**

Hexima's lead fungal disease control technology is being developed with DuPont Pioneer. This agreement provides a path to market for the Company's technology in corn and soy applications, which are two of the current lead GM crops, accounting for more than 80% of the area planted to GM crops globally. The initial target of the program is broad-spectrum fungal disease resistance in corn, which is the market dominant GM crop by value. Fungal pathogens continue to cause

DIRECTORS' REPORT

extensive damage to corn and soybeans, which is a growing concern as intensive farming techniques and reduced crop rotations encourage fungal growth. Fungal disease is estimated to cause yield losses in corn and soybeans costing approximately US\$12billion each year in the United States alone. The Company is continuing to develop and commercialise the MGEV technology platform.

Hexima's insect gene discovery program with DuPont Pioneer commenced in January 2014. Hexima is meeting all milestones for the program and initial results look promising. However, timelines for this project will be long. The program is fully funded by DuPont Pioneer and combines the experience of Pioneer researchers in characterizing novel insect actives and trait development with Hexima's expertise in biochemistry and insect biology. The collaboration gives Pioneer exclusive rights for the commercial development of traits using genes discovered under the program, with royalties flowing to Hexima. As part of this agreement Pioneer has also secured a non-exclusive research license with a commercial option to Hexima's Multi-Gene Expression Vehicle (MGEV) technology. The MGEV technology enables the delivery of several proteins to a plant from a single transformation event. Pioneer will have the ability to utilise the MGEV technology with leads coming from the Hexima collaboration, as well as under its own independent programs.

Hexima's technology for a human antifungal therapeutic is looking promising and the Company has increased its commitment to the development of this technology. The Company is continuing development of its non-melanoma skin cancer therapeutic and is investigating potential partners for this program. Permeation of the active compound into skin remains a major hurdle.

**LEAD AUDITORS' INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

The Lead Auditor's Independence Declaration is set out on page 20 and forms part of the Directors' Report for the six months ended 31 December 2014.

This report is made pursuant to a resolution of the Directors.



Professor Jonathan West  
Director



Professor Marilyn Anderson  
Director

Dated this <sup>24<sup>th</sup></sup> day of February 2015

**HEXIMA LIMITED**  
**ABN 64 079 319 314**

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

	<b>Consolidated</b>	
	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>
Revenue	<u>2,425,455</u>	<u>1,952,254</u>
Research & development expenditure	(2,401,906)	(2,112,835)
Patent expense	(149,139)	(319,474)
Field trial expense	(277,074)	(206,803)
Marketing & development expense	(311,960)	(120,012)
Employee benefits expense	(595,289)	(461,528)
Depreciation expense	(105,946)	(114,911)
Other expenses	<u>(148,542)</u>	<u>(121,293)</u>
	(3,989,856)	(3,456,856)
<b>Results from operating activities</b>	<b><u>(1,564,401)</u></b>	<b><u>(1,504,602)</u></b>
Financial income	<u>73,477</u>	<u>99,908</u>
<b>Net financing income</b>	<b><u>73,477</u></b>	<b><u>99,908</u></b>
<b>Loss before income tax</b>	<b><u>(1,490,924)</u></b>	<b><u>(1,404,694)</u></b>
Income tax expense	<u>-</u>	<u>-</u>
<b>Loss for the period</b>	<b><u><u>(1,490,924)</u></u></b>	<b><u><u>(1,404,694)</u></u></b>
Other comprehensive income for the period, net of income tax	<u>-</u>	<u>-</u>
<b>Total comprehensive (loss) for the period</b>	<b><u><u>(1,490,924)</u></u></b>	<b><u><u>(1,404,694)</u></u></b>
<b>Loss attributable to:</b>		
Owners of the Company	<u>(1,490,924)</u>	<u>(1,404,694)</u>
<b>Loss for the period</b>	<b><u><u>(1,490,924)</u></u></b>	<b><u><u>(1,404,694)</u></u></b>
<b>Total comprehensive loss attributable to:</b>		
Owners of the Company	<u>(1,490,924)</u>	<u>(1,404,694)</u>
<b>Total comprehensive loss for the period</b>	<b><u><u>(1,490,924)</u></u></b>	<b><u><u>(1,404,694)</u></u></b>

The accompanying notes form part of these interim financial statements

**HEXIMA LIMITED**  
**ABN 64 079 319 314**

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Notes	Consolidated	
		31 Dec	30 June
		2014	2014
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		5,378,284	5,044,955
Receivables		<u>2,155,887</u>	<u>3,398,956</u>
<b>TOTAL CURRENT ASSETS</b>		<u><b>7,534,171</b></u>	<u><b>8,443,911</b></u>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		<u>2,261,450</u>	<u>2,364,818</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u><b>2,261,450</b></u>	<u><b>2,364,818</b></u>
<b>TOTAL ASSETS</b>		<u><b>9,795,621</b></u>	<u><b>10,808,729</b></u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		2,228,917	1,876,503
Employee benefits		<u>158,231</u>	<u>102,934</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u><b>2,387,148</b></u>	<u><b>1,979,437</b></u>
<b>TOTAL LIABILITIES</b>		<u><b>2,387,148</b></u>	<u><b>1,979,437</b></u>
<b>NET ASSETS</b>		<u><b>7,408,473</b></u>	<u><b>8,829,292</b></u>
<b>EQUITY</b>			
Issued capital	8	57,659,831	57,659,831
Reserves		1,156,705	1,086,600
Accumulated losses		<u>(51,408,063)</u>	<u>(49,917,139)</u>
<b>TOTAL EQUITY</b>		<u><b>7,408,473</b></u>	<u><b>8,829,292</b></u>

The accompanying notes form part of these interim financial statements

**HEXIMA LIMITED**  
**ABN 64 079 319 314**

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

<i>For the six months ended 31 December 2014</i>	Note	Ordinary Shares \$	Equity option reserve \$	Equity compensation reserve \$	Accumulated Losses \$	Total equity \$
<b>2014</b>						
Opening balance at 1 July 2014		57,659,831	200,000	886,600	(49,917,139)	8,829,292
<b>Total comprehensive (loss) for the period</b>		-	-	-	-	-
Net (loss) for the period		-	-	-	(1,490,924)	(1,490,924)
<b>Total comprehensive (loss) for the period</b>		-	-	-	(1,490,924)	(1,490,924)
<b>Transactions with owners, recorded directly in equity</b>						
Equity settled share based payment transactions	8	-	-	70,105	-	70,105
<b>Total transaction with owners</b>		-	-	70,105	-	70,105
<b>Balance at 31 December 2014</b>		57,659,831	200,000	956,705	(51,408,063)	7,408,473
<i>For the six months ended 31 December 2013</i>	Note	Ordinary Shares \$	Equity option reserve \$	Equity compensation reserve \$	Accumulated Losses \$	Total equity \$
<b>2013</b>						
Opening balance at 1 July 2013		57,659,831	200,000	863,704	(47,489,279)	11,234,255
<b>Total comprehensive (loss) for the period</b>		-	-	-	-	-
Net (loss) for the period		-	-	-	(1,404,694)	(1,404,694)
<b>Total comprehensive (loss) for the period</b>		-	-	-	(1,404,694)	(1,404,694)
<b>Transactions with owners, recorded directly in equity</b>						
Equity settled share based payment transactions	8	-	-	11,448	-	11,448
<b>Total transaction with owners</b>		-	-	11,448	-	11,448
<b>Balance at 31 December 2013</b>		57,659,831	200,000	875,152	(48,893,973)	9,841,010

The accompanying notes form part of these interim financial statements

**HEXIMA LIMITED**  
**ABN 64 079 319 314**

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

	<b>Consolidated</b>	
	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from government grants and tax incentive & collaboration agreements	4,563,673	219,500
Cash paid to suppliers and employees	<u>(4,308,088)</u>	<u>(3,160,367)</u>
Net cash from / (used in) operating activities	<u>255,585</u>	<u>(2,940,867)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	80,322	91,408
Payments for property, plant and equipment	(3,639)	(4,030)
Receipts for property, plant and equipment	<u>1,061</u>	<u>-</u>
Net cash from / (used in) investing activities	<u>77,744</u>	<u>87,378</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash from financing activities	<u>-</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents	333,329	(2,853,489)
Cash and cash equivalents at 1 July	<u>5,044,955</u>	<u>7,314,541</u>
Cash and cash equivalents at 31 December	<u>5,378,284</u>	<u>4,461,052</u>

The accompanying notes form part of these interim financial statements



## **Notes to the consolidated interim financial statements for the six months ended 31 December 2014**

### **1. REPORTING ENTITY**

Hexima Limited (the "Company") is a company domiciled in Australia. The address of the Company's registered office is Level 1, 379 Collins Street, Melbourne, Victoria, 3000. Hexima is an agribusiness company actively engaged in the research and development of technology for the protection and enhancement of commercial crops, primarily to enhance their resistance to insects and fungal pathogens.

The interim consolidated financial statement as at and for the six months ended 31 December 2014 comprises the Company and its subsidiaries (together referred to as the consolidated entity).

The consolidated annual financial report of the Group as at and for the year ended 30 June 2014 is available upon request from the Company's registered office at Level 1, 379 Collins Street, Melbourne Victoria 3000 or at [www.hexima.com.au](http://www.hexima.com.au).

### **2. STATEMENT OF COMPLIANCE**

The consolidated interim financial report has been prepared in accordance with *AASB 134 Interim Financial Reporting* and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the annual consolidated financial report of the consolidated entity as at and for the year ended 30 June 2014.

The consolidated interim financial report was approved by the Board of Directors on February 2015.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

Except as described below, the accounting policies applied by the consolidated entity in these consolidated interim financial statements are the same as those applied by the consolidated entity in its consolidated annual financial statements as at and for the year ended 30 June 2014.

**Notes to the consolidated interim financial statements for the six months ended 31 December 2014**

**4. ESTIMATES**

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report as at and for the year ended 30 June 2014.

**5. FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objectives and policies are consistent with that disclosed in the financial report as at and for the year ended 30 June 2014.

**6. SEGMENT REPORTING**

The Company primarily operates in one sector, being the biotechnology industry developing and/or commercialising agricultural and pharmaceutical biotechnology research. The majority of operations are in Australia.

**7. PLANT AND EQUIPMENT**

*Acquisitions*

During the six month period ended 31 December 2014, the consolidated entity acquired assets with a cost of \$3,639.

Assets carried at \$1,061 were sold in the six month period ended 31 December 2014.

**Notes to the consolidated interim financial statements for the six months ended 31 December 2014**

**8. CAPITAL AND RESERVES**

<b>Ordinary Shares</b>	<b>Number of Shares</b>	<b>Amount Paid</b> \$
On issue at 1 July 2014	81,180,469	57,659,831
On issue at 31 December 2014 – fully paid	81,180,469	57,659,831

<b>Ordinary Shares</b>	<b>Number of Shares</b>	<b>Amount Paid</b> \$
On issue at 1 July 2013	81,180,469	57,659,831
On issue at 31 December 2013 – fully paid	81,180,469	57,659,831

	<b>Number of options</b>		<b>Amount Paid</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Equity option reserve</b>			<b>\$</b>	<b>\$</b>
On issue at 1 July	125,000	125,000	200,000	200,000
Issued during period at \$0.50 exercise price	-	-	-	-
On issue at 31 December	125,000	125,000	200,000	200,000

	<b>Number of options</b>		<b>Amount Paid</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Equity compensation reserve</b>			<b>\$</b>	<b>\$</b>
On issue at 1 July	1,000,000	1,000,000	886,600	863,704
Issued as compensation	1,848,000	-	70,105	11,448
Lapsed	(1,000,000)	-	-	-
On issue at 31 December	1,848,000	1,000,000	956,705	875,152
<b>Total Reserve at 31 December</b>	<b>1,973,000</b>	<b>1,125,000</b>	<b>1,156,705</b>	<b>1,075,152</b>

No options were exercised for the six months ended 31 December 2014.

The Company does not have authorised capital or par value in respect of its issued shares. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are

**Notes to the consolidated interim financial statements for the six months ended 31 December 2014**

**8. CAPITAL AND RESERVES (continued)**

entitled to one vote per share at meetings of the Company.

**Equity Compensation Reserve**

The equity compensation reserve represents the accumulated amount of share options vested and to be vested to key management personnel and other personnel under compensation schemes.

**Equity Option Reserve**

The equity option reserve comprises the accumulated amount of share options issued to other parties.

**Terms and conditions of share options**

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number of Share Options</b>
30 August 2015	\$1.00	125,000
01 July 2019	\$0.50	508,000
26 August 2019	\$0.50	640,000
18 November 2019	\$0.50	700,000
		1,973,000

**9. CONTINGENCIES**

**Guarantee and Indemnification**

The consolidated entity (in prior years) had an Institutional Biosafety Committee (IBC) to advise on certain aspects of the Company's field trial applications. The Company has agreed to indemnify, release and forever discharge the members of the IBC from and against any claim or liability, incurred by the members, arising in connection with the conduct of field trials and related applications being undertaken by the Company. The financial exposure from this arrangement is expected to be nil.

**Notes to the consolidated interim financial statements for the six months ended 31 December 2014**

**10. SHARE BASED PAYMENTS**

The terms and conditions of the grants are as follows. All options are to be settled by physical delivery of shares.

<b>Grant date / parties entitled</b>	<b>Number of instruments</b>	<b>Vesting conditions</b>	<b>Contractual life of options</b>
Options granted 30 August 2012 to 3 <sup>rd</sup> party	125,000	Vesting immediately	3 years
Options granted 1 July 2014 to other personnel	508,000	Vesting immediately	5 years
Options granted 26 August 2014 to key management	640,000	Vesting immediately	5 years
Options granted 18 November 2014 to key management	500,000	Vesting immediately	5 years
Options granted 18 November 2014 to key management	200,000	Vesting 31 December 2016 or on company sale	5 years
<b>Total share options</b>	<b>1,973,000</b>		

**Notes to the consolidated interim financial statements for the six months ended 31 December 2014**

**11. RELATED PARTIES**

**Share Options**

The movement during the reporting period in the number of options over ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

<b>2014</b>	Held at 1 July 2014	Granted as compen- sation	Exercised	Expired	Held at 31 December 2014	Vested during the period	Vested and exercisable at 31 December 2014
<b>Directors</b>							
Ross Dobinson	1,000,000	-	-	1,000,000	-	250,000	-
Nicole van der Weerden	-	500,000	-	-	500,000	500,000	500,000
Elisha Larkin	-	40,000	-	-	40,000	40,000	40,000
Mark Hulett	-	100,000	-	-	100,000	100,000	100,000
Marilyn Anderson	-	500,000	-	-	500,000	500,000	500,000
John Bedbrook	-	200,000	-	-	200,000	-	-
	1,000,000	1,340,000	-	1,000,000	1,340,000	1,390,000	1,140,000

<b>2013</b>	Held at 1 July 2013	Granted as compen- sation	Exercised	Expired	Held at 31 December 2013	Vested during the year	Vested and exercisable at 31 December 2013
<b>Directors</b>							
Ross Dobinson	1,000,000	-	-	-	1,000,000	250,000	750,000
	1,000,000	-	-	-	1,000,000	250,000	750,000

**Notes to the consolidated interim financial statements for the six months ended 31 December 2014**

**11. RELATED PARTIES (continued)**

***Movement in shares***

The movement during the reporting period in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows

<b>2014</b>	Held at 1 July 2014	Purchases	Received on exercise of options	Sales	Held at 31 December 2014
<b>Directors</b>					
Ross Dobinson	-	-	-	-	-
Steven M Skala	4,167,467	-	-	-	4,167,467
Jonathan West	2,000,000	-	-	-	2,000,000
Hugh M Morgan	6,454,503	-	-	-	6,454,503
Marilyn A Anderson	2,381,935	-	-	-	2,381,935
Nicole van der Weerden	-	-	-	-	-
	15,003,905	-	-	-	15,003,905

<b>2013</b>	Held at 1 July 2013	Purchases	Received on exercise of options	Sales	Held at 31 December 2013
<b>Directors</b>					
Ross Dobinson	-	-	-	-	-
Steven M Skala	4,167,467	-	-	-	4,167,467
Jonathan West	2,000,000	-	-	-	2,000,000
Hugh M Morgan	6,454,503	-	-	-	6,454,503
Marilyn A Anderson	2,381,935	-	-	-	2,381,935
	15,003,905	-	-	-	15,003,905

**Notes to the consolidated interim financial statements for the six months ended 31 December 2014**

**11. RELATED PARTIES (continued)**

**Other related parties**

Other key management personnel disclosures with the Company

- a) Professor Anderson and Dr van der Weerden are employees of La Trobe University. During the course of the six months ended 31 December 2014, amounts (including GST) totalling \$2,378,054 (Dec 2013: \$3,073,512) were paid by Hexima to La Trobe University for research work carried out on behalf of the Company. These transactions were conducted on normal commercial terms. Trade accounts and/or accruals payable to La Trobe University at 31 December 2014 were \$1,052,269 (Dec 2013: \$960,604).
- b) Mr Dobinson resigned as Executive Chairman effective 17 November 2014. During the six months ended 31 December 2014 Mr Dobinson received a payment of \$136,363 (exclusive of GST) in connection with him ceasing employment with the Company, in addition to his usual fees.

**12. OPERATING LEASES**

**Leases as lessee**

Non-cancellable operating lease rentals are payable as follows:

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
		<b>\$</b>
Less than one year	65,064	78,860
Between one and five years	53,322	118,386
	<u>118,386</u>	<u>197,245</u>

The consolidated entity leases office premises and land which houses the glass house under an operating lease. The glasshouse which has a written down book value of \$1,783,214 at 31 December 2014 has been built on leased land. The lease rental on the land is at \$10 per annum and this lease expires on 10 December 2018 with an extension, at the Company's option, of 10 years.

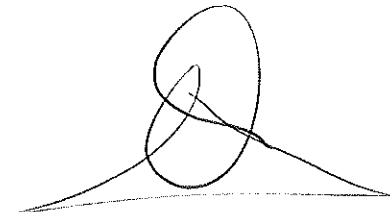


DIRECTORS' DECLARATION

1. In the opinion of the Directors of Hexima Limited ("the Company"):
- (a) the financial statements and notes, set out on pages 5 to 16, are in accordance with the Corporations Act 2001, including:
    - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the six month period ended on that date; and
    - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
  - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Melbourne <sup>24<sup>th</sup></sup> day of February 2015.

Signed in accordance with a resolution of the Directors:



Professor Jonathan West  
Director



Professor Marilyn Anderson  
Director



## **Independent auditor's review report to the members of Hexima Limited**

### **Report on the financial report**

We have reviewed the accompanying interim financial report of Hexima Limited, which comprises the consolidated statement of financial position as at 31 December 2014, consolidated statement of comprehensive income, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the interim period ended on that date, notes 1 to 12 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the interim period.

#### *Directors' responsibility for the interim financial report*

The directors of the company are responsible for the preparation of the interim 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 interim financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the interim 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 interim 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 2014 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Hexima Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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.

#### *Independence*

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



*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Hexima Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink, appearing to read 'KPMG' in a stylized, cursive script.

KPMG

A handwritten signature in black ink, appearing to read 'Gordon Sangster' in a stylized, cursive script.

Gordon Sangster  
*Partner*

Melbourne

24 February 2015



*Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001*

To: the directors of Hexima Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2014 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Gordon Sangster  
*Partner*

Melbourne

24 February 2015